

ORIGINAL



BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER
Chairman
WILLIAM MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
MIKE GLEASON
Commissioner
KRISTIN MAYES
Commissioner

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AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF QWEST
CORPORATION'S FILING AMENDED
RENEWED PRICE REGULATION PLAN.

DOCKET NO. T-01051B-03-0454

IN THE MATTER OF THE
INVESTIGATION OF THE COST OF
TELECOMMUNICATIONS ACCESS.

DOCKET NO. T-00000D-00-0672

**NOTICE OF FILING A.A.C. R-14-2-103
COMPLIANCE WORKBOOK**

NOTICE IS HEREBY GIVEN Qwest Corporation herewith files it's Arizona Administrative Code R-14-2-103 Revised Schedules. The Schedules have been revised to reflect comments made by Staff in the course of the sufficiency review of Qwest's filing. Schedule H-2 has been redacted as it contains confidential proprietary information, but will be provided to those who have signed a protective agreement.

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Arizona Corporation Commission


DOCKETED

JUN 21 2004

DOCKETED BY

1 RESPECTFULLY SUBMITTED this 21st day of June, 2004.

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3 By:  FOR

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Citizens Communications Co. of Arizona
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Salt Lake City, UT 84180
- 21 Citizens Telecommunications Co. of the White Mountains, Inc. (REDACTED)
- 22 4 Triad Center, Ste. 200
Salt Lake City, UT 84180
- 23 Comm South Companies, Inc. (REDACTED)
- 24 2909 N. Buckner Blvd., Ste. 200
Dallas, TX 75228
- 25
- 26

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- 2 Willcox, AZ 85644
- 3 Electric Lightwave, Inc. (REDACTED)
4 Triad Center, Ste. 200
- 4 Salt Lake City, UT 84180
- 5 Eschelon Telecom of Arizona, Inc. (REDACTED)
730 Second Avenue South, Ste.1200
- 6 Minneapolis, MN 55402
- 7 Ernest Communications, Inc. (REDACTED)
5275 Triangle Pkwy, Ste. 150
- 8 Norcross, GA 30092-6511
- 9 Intermedia Communications, Inc. (REDACTED)
3608 Queen Palm Drive
- 10 Tampa, FL 33619-1311
- 11 Level 3 Communications, LLC(REDACTED)
1025 Eldorado Blvd.
- 12 Broomfield, CO 80021
- 13 Max-Tel Communications, Inc. (REDACTED)
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- 14 PO Box 280
Alvord, TX 76225
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San Francisco, CA 94105
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18 201 Spear Street, 9th Floor
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20 201 Spear Street, 9th Floor
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Midvale, ID 83645
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Salt Lake City, UT 84180
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- 1 Nextlink Long Distance Svcs. (REDACTED)
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- 2 Phoenix, AZ 85034
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3802 Rosencrans, Ste. 485
- 4 San Diego, CA 92110
- 5 One Point Communications (REDACTED)
Two Conway Park
- 6 150 Field Drive, Ste. 300
Lake Forest, IL 60045
- 7 Opex Communications, Inc. (REDACTED)
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- 8 Elk Grove Village, IL 60007
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- 10 Stockton, CA 95207
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- 12 New Hope, PA 18938
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- 15 South Central Utah Telephone Association, Inc. (REDACTED)
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- 16 Escalante, UT 84726-000
- 17 Southwestern Telephone Co., Inc. (REDACTED)
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- 18 Madison, WI 53705-0158
- 19 Special Accounts Billing Group (REDACTED)
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QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Arizona Corporation Commission R-14-2-103 Compliance Workbook
Test Year Ending December 31, 2003

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QWEST CORPORATION
 ARIZONA INTRASTATE OPERATIONS
 Test Year Ending December 31, 2003
 \$(000)

Arizona Corporation Commission
 Arizona Regulation R14-2-103

Schedule A-1

Title: Computation of Increase in Gross Revenue Requirements

Date: Jun 21, 2004

	A	B
	Test Year Ending December 31, 2003	
	<u>Original Cost</u>	<u>Fair Value</u>
1 Adjusted Rate Base (a)	1,643,000	2,386,363
2 Adjusted Net Operating Income (b)	(5,054)	(5,054)
3 Current Rate of Return (L.2/L.1)	-0.31%	-0.21%
4 Required Operating Income (L.1*L5)	183,687	266,795
5 Required Rate of Return (c)	11.18%	11.18%
6 Operating Income Deficiency (L.4-L.2)	188,741	271,849
7 Gross Revenue Conversion Factor (d)	<u>1.6876</u>	<u>1.6876</u>
8 Increase in Gross Revenue Requirements (L.6*L7)	318,525	458,780
9 Surcharge		\$ -
10 Total Increase in Revenue Requirement (L8+L9)	<u>\$318,525</u>	<u>\$458,780</u>
<u>Customer Classification</u>	<u>Projected Revenue Increase due to Rates</u>	<u>Percent Increase</u>
11 Access Services	46	0.06%
12 Private Line Transport Services Tariff	748	2.29%
13 Competitive Exchange & Network Svcs Tariff	9,807	4.98%
14 Advanced Communications Services		0.00%
15 Exchange & Network Services Tariff	(3,283)	-0.51%
16 Exchange & Network Services Catalog		0.00%
17 Total Gross Revenues (Lines 11-16)	7,318	0.00%

Supporting Schedules:

(a) B-1
 (b) C-1
 (c) D-1
 (d) C-3, L9
 (e) H-1

Recap Schedules:

None

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
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Arizona Regulation R14-2-103

Schedule A-2, Page 1

Title: Summary Results of Operations
Date Jun 21, 2004

Description	A		B		C		D		E		F	
	Prior Years		Dec 31 2002		Dec 31 2003		Pro Forma Adjusted		Present Rates		Projected Year Ended Dec 31 2005 Proposed Rates	
1 Gross Revenues	Dec 31 2001	1,339,741	Dec 31 2002	1,213,826	Dec 31 2003	1,102,984	1,111,068	1,068,155	1,075,474			
2 Uncollectible Revenue, Operating Expenses and Taxes		1,285,680		1,208,420		1,164,994	1,116,122	1,100,347	1,100,347			
3 Operating Income (L.1-2)		54,061		5,406		(62,010)	(5,054)	(32,192)	(24,874)			
4 Other Income and Deductions		34,990		130,536		57,858	58,063	58,063	58,063			
5 Interest Expense		58,582		65,682		69,901	97,555	97,555	97,555			
6 Net Income (L.3+4-5)		(\$39,511)		(\$190,812)		(\$189,770)	(\$160,672)	(\$187,810)	(\$180,492)			
7 Earned per Average Common Share		N/A		N/A		N/A	N/A	N/A	N/A			
8 Dividends per Common Share		N/A		N/A		N/A	N/A	N/A	N/A			
9 Payout ratio		100.00%										
10 Return on Average Invested Capital		1.14%		-9.33%		-9.09%	-4.79%	-6.84%	-6.29%			
11 Return on Year End Capital		0.90%		-6.52%		-7.25%	-3.82%	-5.46%	-5.02%			
12 Return on Average Common Equity		-4.65%		-38.78%		-41.68%	-35.29%	-41.25%	-39.64%			
13 Return on Year End Common Equity		-4.00%		-24.72%		-46.23%	-39.14%	-45.75%	-43.97%			
14 Times Bond Interest Earned (Before Federal Income Taxes)		0.28		(2.03)		(2.69)	(1.34)	(1.61)	(1.53)			
15 Times Total Interest Earned (After Income Taxes)		0.33		(1.91)		(1.72)	(0.65)	(0.93)	(0.85)			

Note: (N/A) Not Available

Supporting Schedules:
(a) E-2
(b) C-1
(c) F-1

Date: Jun 21, 2004

Description	Prior Years					Projected Year Ended Dec 31 2005	
	A	B	C	D	E	F	
	Dec 31 2001 (a)	Dec 31 2002 (a)	Dec 31 2003 (a)	Pro Forma Adjusted (b)	Present Rates (c)	Proposed Rates (c)	
1 Net Income	(39,511)	(190,812)	(189,770)	(160,731)	(187,810)	(180,492)	
2 Income for JDIC (Job Development Investment Credit)	0)	(1)	(2)	(1)		(1)	
3 Income for Equity (L.1-2)	(\$39,511)	(\$190,811)	(\$189,768)	(\$160,730)	(\$187,810)	(\$180,491)	
4 Regulatory Return on End of Period Equity Base	-4.00%	-24.72%	-46.23%	-39.15%	-45.75%	-43.97%	
5 Return on Fair Value of Property Rate Base	N/A	N/A	-2.60%	-0.21%	N/A	N/A	

Note: (N/A) Not Available

Supporting Schedules:
A2 - Pg1, A3, C1

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
\$(000)

SCHEDULE A-2 DETAIL (A-2DET)

Title: Summary Results of Operations

Date: Jun 21, 2004

Source: Arizona 1990s

	(A)	(B)	(C)	(D)
	Dec 31 2001	Dec 31 2002	Dec 31 2003	Forecast Dec 31 2005
1 Average Total Capital	1,670,009	1,341,547	1,318,699	1,318,699
2 Average Common Equity	849,631	492,029	455,310	455,310
3 Total Interest	58,582	65,682	69,901	69,901
4 Interest on Debt (A/C 7510 & 7520)	50,903	62,819	66,153	66,153
5 Interest on Funded Debt	49,010	61,815	65,936	65,936
6 Amortization of Debt Issuance Expense	1,893	1,004	217	217

Note:

Forecast, Lines 1D through 6D, is equal to actuals from Column C unless otherwise noted.

QWEST CORPORATION
ARIZONA TOTAL STATE OPERATIONS
Test Year Ending December 31, 2003
\$(000)

Arizona Corporation Commission

Schedule A-3
Title: Summary of Capital Structure
Date:

Jun 21, 2004

	A Prior Years At Dec 31 2001	B At Dec 31 2002	C Test Year At Dec 31 2003	D Projected Year Dec 31 2005
<u>Description</u>	(a)	(a)	(a)	
1 Short Term Debt	236,845	195,266	144,202	144,202
2 Long Term Debt	887,448	952,548	1,098,801	1,098,801
3 Total Debt (L.1+2)	1,124,293	1,147,814	1,243,002	1,243,002
4 Common Equity	988,994	771,756	410,503	410,503
5 Unamortized Job Development Investment Tax Credits	16	13	13	11
6 Total Capital (L.3 thru 5)	2,113,302	1,919,583	1,653,518	1,653,516
<u>Capitalization Ratios</u>				
7 Short Term Debt	11.21%	10.17%	8.72%	8.72%
8 Long Term Debt	41.99%	49.62%	66.45%	66.45%
9 Total Debt (L.7+L.8)	53.20%	59.79%	75.17%	75.17%
10 Common Equity	46.80%	40.20%	24.83%	24.83%
11 Unamortized Job Development Investment Tax Credits	0.00%	0.00%	0.00%	0.00%
12 Weighted Cost of Short Term Debt *	4.11%	7.68%	7.24%	7.24%
13 Weighted Cost of Long Term Debt *	7.72%	8.17%	7.89%	7.89%
14 Cost of Equity	14.80%	15.60%	21.40%	21.40%

* Based upon total state capital allocation.

Note: Projected values are solely based on latest year of actual data available.

Supporting Schedules:

D-1

QWEST CORPORATION
 ARIZONA INTRASTATE OPERATIONS
 Test Year Ending December 31, 2003
 \$(000)

Arizona Corporation Commission

Schedule A-4

Title: Construction Expenditures and Utility Plant in Service

Date:

Jun 21, 2004

<u>Year</u>	A	B	C
	Intrastate		
	Construction Expenditures (a)	Net Plant Placed in Service	Gross Utility Plant in Service (b)
1 Dec 31 2001	468,206	2,288,410	4,579,310
2 Dec 31 2002	208,585	2,097,573	4,766,472
3 Test Year Ending December 31, 2003 Note 1:	198,544	1,840,369	4,863,469
4 Projected Year Ended Dec 31 2005	198,544	2,498,973	4,790,558

Supporting Schedules:

(a) F-3, E-3 Dtl

(b) E-1 & E-5

Note 1: See Line 3 of E-3 Dtl.

Recap Schedules:

None

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
\$(000)

Schedule A-5
Title: Summary Statement of Cash Flows

Date: Jun 21, 2004

	A	B	C	D	E
	End of Year At Dec 31 2001	End of Year At Dec 31 2002	End of Test Year At Dec 31 2003	Present Rates Annualized	Projected Year Proposed Proposed Rates
OPERATING ACTIVITIES					
1. Net Operating Income	54,061	5,406	(62,010)	(90,254)	(82,936)
Adjustments to Net Operating Income:					
2. Depreciation & Amortization	428,691	461,241	463,615	364,079	364,079
3. Deferred Income Taxes	(4,953)	(27,041)	(42,116)	(81,720)	(81,720)
4. Cash provided by Operating Activities (L1.L3)	477,799	439,606	359,489	192,105	199,423
INVESTING ACTIVITIES					
5. Net Construction Expenditures	(468,206)	(208,585)	(198,544)	(198,544)	(198,544)
6. Cash(used for) investing activities (L5)	(468,206)	(208,585)	(198,544)	(198,544)	(198,544)
FINANCING ACTIVITIES					
7. Dividends Paid	39,511	190,812	189,770	187,869	180,551
8. Net Outside Financing	404,771	23,521	95,189	95,189	95,189
9. Interest	(58,582)	(65,682)	(69,901)	(97,555)	(97,555)
10. Net Cash Flow (L4+L6+L7+L8+L9)	395,293	379,672	376,002	179,063	179,063

Supporting Schedules:

(a) E-3

(b) F-2

QWEST CORPORATION
 ARIZONA INTRASTATE OPERATIONS
 Test Year Ending December 31, 2003
 \$(000)

Arizona Corporation Commission

Schedule B-1
 Title: Summary of Original Cost and Fair Value
 Rate Base Elements

Date: Jun 21, 2004

	A Test Year Ending December 31, 2003 Original Cost Rate Base* (a)	B Fair Value Rate Base* (b)
1 Plant in Service	4,750,352	5,309,090
2 Less - Depreciation Reserve	2,924,497	2,718,424
3 Net Plant in Service	1,825,855	2,590,666
4 Short Term Plant Under Construction	21,448	
5 Materials and Supplies	7,255	7,255
6 Allowance for Cash Working Capital	(52,173)	(52,173)
7 Deferred Income Taxes	251,439	251,439
8 Customer Deposits	3,299	3,299
9 Land Development Agreement Deposits	2,023	2,023
10 Other Assets and Liabilities	97,377	97,377
11 Total Rate Base (L.3 thru 6 less 7 thru 9)	1,643,000	2,386,363

* Including Ratemaking, Accounting, and Normalizing Adjustments

Supporting Schedules:
 (a) B-2 P1
 (b) B-3

Recap Schedule:
 A-1

	(A) Intrastate End of Period Rate Base	(B) Accounting Adjustment Summary		(C) Rate-making Summary Total	(D) Normalizing Adjustment Summary Total		[E]=Sum(A:D) Intrastate Adjusted End of Period Rate Base
		Total			Total		
1 Telephone Plant In Service	4,863,469	(115,215)			2,098		4,750,352
2 Short-Term Plant Under Construction		21,448					21,448
3 Materials and Supplies	18,393				(11,138)		7,255
4 Allowance for Cash Working Capital				(52,173)			(52,173)
5 Accumulated Depr & Amort Reserve	3,023,100	(106,349)			7,746		2,924,497
6 Accumulated Deferred Income Tax	207,222	46,572			(2,354)		251,439
7 Customer Deposits	2,408			891			3,299
8 Land Development Agreement Deposits	2,023						2,023
9 Other Assets & Liabilities				97,377			97,377
10 End-of-Period Rate Base (L1+L2+L3+L4-L5-L6-L7-L8+L9)	1,647,109	(33,990)		44,313	(14,432)		1,643,000
Source:	Intrastate Results	Sch B2, P4	Sch B, P2	Sch B2, P3	Sum A:D		

	[a]	[b]	[c]	[d]=a+b+c
	Cash Working Capital PFR-04	Pension Asset PFR-05	Customer Deposits PFR-08	Total Rate-making Adjustments
Adjustment Number				
1 Telephone Plant In Service	0	0	0	0
2 Short-Term Plant Under Construction	0	0	0	0
3 Materials and Supplies	0	0	0	0
4 Allowance for Cash Working Capital	(52,173)	0	0	(52,173)
5 Accumulated Depr & Amort Reserve	0	0	0	0
6 Accumulated Deferred Income Tax	0	0	0	0
7 Customer Deposits	0	0	891	891
8 Land Development Agreement Deposits	0	0	0	0
9 Other Assets & Liabilities	0	97,377	0	97,377
10 End-of-Period Rate Base (L1+L2+L3+L4-L5-L6-L7-L8+L9)	(52,173)	97,377	(891)	44,313

Adjustment Number	[a] Out of Period Revenue and Expense	[b] Depreciation Synchronization	[c] Incentive Compensation True-Up	[d]=[a]+[b]+[c] Total Normalizing Adjustments
	PFN-01	PFN-11	PFN-08	
1 Telephone Plant In Service	2,376	0	(278)	2,098
2 Short-Term Plant Under Construction	0	0	0	0
3 Materials and Supplies	(11,138)	0	0	(11,138)
4 Allowance for Cash Working Capital	0	0	0	0
5 Accumulated Depr & Amort Reserve	1,745	6,001	0	7,746
6 Accumulated Deferred Income Tax	0	(2,354)	0	(2,354)
7 Customer Deposits	0	0	0	0
8 Land Development Agreement Deposits	0	0	0	0
9 Other Assets & Liabilities	0	0	0	0
10 End-of-Period Rate Base (L1+L2+L3+L4-L5-L6-L7-L8+L9)	(10,508)	(3,647)	(278)	(14,432)

QWEST CORPORATION
 ARIZONA INTRASTATE OPERATIONS
 Test Year Ending December 31, 2003
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Arizona Corporation Commission

Schedule B-2, Page 4 of 4

Title: Original Cost Rate Base
 Accounting Adjustments

Date: Jun 21, 2004

Adjustment Number	[a]	[b] Post		[c]	[d]	[e]=a+b+c+d
		Depreciation	Employment Benefits Other Than Pensions		Plant Under Construction	
		PFA-01	PFA-02	SOP98 Adoption PFA-03	PFA-04	Total Accounting Adjustments
1 Telephone Plant In Service			(131,998)	17,830	(1,047)	(115,215)
2 Short-Term Plant Under Construction					21,448	21,448
3 Materials and Supplies						
4 Allowance for Cash Working Capital						
5 Accumulated Depr & Amort Reserve	(109,701)		(80)	3,503	(71)	(106,349)
6 Accumulated Deferred Income Tax	43,040		(2,365)	5,831	65	46,572
7 Customer Deposits						
8 Land Development Agreement Deposits						
9 Other Assets & Liabilities						
10 End-of-Period Rate Base (L1+L2+L3+L4-L5-L6-L7-L8+L9)	66,661		(129,553)	8,496	20,406	(33,990)

QWEST CORPORATION
 ARIZONA INTRASTATE OPERATIONS
 Test Year Ending December 31, 2003
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Arizona Corporation Commission
 Schedule B-3
 Title: Fair Value Rate Base As Adjusted

Date: Jun 21, 2004

	A	B	C = A + B
<u>Fair Value</u>	Fair Value Rate Base (a)	Adjustments (b)	Fair Value Rate Base As Adjusted (c)
1 Plant in Service	5,435,513	(126,422)	5,309,090
2 Less - Depreciation Reserve	2,828,625	(110,201)	2,718,424
3 Net Plant in Service (Note 1)	2,606,887	(16,221)	2,590,666
4 Short Term Plant Under Construction		21,448	21,448
5 Materials and Supplies	18,393	(11,138)	7,255
6 Allowance for Cash Working Capital		(52,173)	(52,173)
7 Deferred Income Taxes	207,222	44,217	251,439
8 Customer Deposits	2,408	891	3,299
9 Land Development Agreement Deposits	2,023		2,023
10 Other Assets and Liabilities		97,377	97,377
11 Total Rate Base (L.3 thru 6 less 7 thru 9 plus 10)	2,413,627	(5,816)	2,407,811

Note: The fair value of the adjustments in Column B is assumed to equal to their original cost for purpose of this Schedule.

Supporting Schedules: B2, P1; B4

<u>Note 1: RCND Net Plant in Service</u>	A	B	C = A * B
12 100% RCND (a)	3,373,405	50%	1,686,703
13 Original Cost Net (b)	1,840,369	50%	920,185
14 Fair Value Net Plant in Service (L. 12 + L13)			2,606,887

Supporting Schedule:
 (a) B-4
 (b) B-2

Recap Schedule:
 (c) B-1

Notes:
 Ln 1A - From Sched B-4, L 3(D)

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
\$(000)

Arizona Corporation Commission

Schedule B-4
Title: RCND by Major Plant Accounts

Date: Jun 21, 2004

- Includes Embedded, FCC Deregulated & Other Plant -

Description	A	B	C=D/B	D
	Original Cost	Reproduction Cost New	Condition Percent	Reproduction Cost New Less Depreciation
- Incl Offbook -				
TOTAL STATE				
1 2111 - Land	12,813	12,813	100.00%	12,813
2 2112 - Motor Vehicles	71,269	74,251	46.88%	34,811
3 2114 - Special Purpose Vehicles	26	33	26.38%	9
4 2115 - Garage Work Equipment	1,519	1,821	64.47%	1,174
5 2116 - Other Work Equipment	38,319	40,359	56.35%	22,744
6 2121 - Buildings	238,452	432,300	65.44%	282,893
7 2122 - Furniture	1,897	1,897	68.79%	1,305
8 2123 - Office Equipment	5,913	6,123	37.83%	2,316
9 2123 - Company Communication Equipment	2,429	2,566		
10 2124 - General Purpose Computers	96,514	18,005	38.15%	6,868
11 2211 - Analog Switching				
12 2212 - Digital Switching	1,192,379	914,690	68.43%	625,939
13 2220 - Operator Systems	2,534	2,902	36.53%	1,060
14 2231 - Radio Systems	32,937	36,886	34.73%	12,812
15 2232 - Circuit DDS	1,757,337	5,401	49.67%	2,682
16 2232 - Circuit Digital		1,690,094	76.36%	1,290,497
17 2232 - Circuit Analog		39,638	36.17%	14,338
18 2311 - Station Apparatus	32,899	32,899	62.43%	20,538
19 2321 - Customer Premises Wiring			0.00%	
20 2341 - Large PBX				
21 2351 - Public Telephone Terminal Equipmer	21,555	21,555	40.81%	8,796
22 2362 - Other Terminal Equipment	61,166	59,208	92.47%	54,749
23 2411 - Poles	52,723	199,908	57.95%	115,855
24 2421 - Aerial Cable - Metallic	198,351	348,764	27.76%	96,834
25 2421 - Aerial Cable - Non-Metallic	9,484	10,757	55.68%	5,990
26 2422 - Underground Cable - Metallic	398,394	679,519	23.80%	161,729
27 2422 - Underground Cable - Non-Metallic	183,141	199,445	50.74%	101,205
28 2423 - Buried Cable - Metallic	1,645,740	2,178,731	43.13%	939,667
29 2423 - Buried Cable - Non-Metallic	23,709	26,229	47.63%	12,493
30 2424 - Submarine Cable - Metallic	3	5	0.00%	
31 2424 - Submarine Cable - Non-Metallic				
32 2426 - Intrabuilding Cable - Metallic	46,456	80,436	38.22%	30,741
33 2426 - Intrabuilding Cable - Non-Metallic	1,057	1,184	75.18%	890
34 2431 - Aerial Cable	10,998	15,986	48.99%	7,831
35 2441 - Conduit	451,409	878,335	56.31%	494,618
36 2681 - Capital Leases - Buildings				
37 2681 - Capital Leases - Vehicles	16	16	100.00%	16
38 2681 - Capital Leases - Computers				
39 2681 - Capital Leases - Software	4,432	4,432	100.00%	4,432
40 2681 - Capital Leases - Other	685	685	100.00%	685
41 2682 - Leaseholds - Buildings	32,889	32,741	100.00%	32,741
42 2682 - Leaseholds - Computers				
43 2690 - Intangibles - Software	106,880	270,377	100.00%	270,377
44 2690 - Intangibles - Spectrum Rights	29	29	100.00%	29
45 Total Plant in Service	6,736,354	8,321,020	56.15%	4,672,478
(L.1 thru 44)				
46 Reproduction Cost New Factor (Original Cost Plant / RCN Plant)	1.235			

QWEST CORPORATION
 ARIZONA INTRASTATE OPERATIONS
 Test Year Ending December 31, 2003
 \$(000)

Arizona Corporation Commission
 Schedule B-4
 Title: RCND by Major Plant Accounts
 Date: Jun 21, 2004

- Includes Embedded, FCC Deregulated & Other Plant -

<u>Description</u>	A	B	C=D/B	D
	Original Cost	Reproduction Cost New	Condition Percent	Reproduction Cost New Less Depreciation
<u>Arizona Intrastate Operations</u>				
47 Intrastate Ratio	72.20%	72.20%		72.20%
48 Intrastate Plant in Service (L27 x L29)	4,863,469	6,007,556		3,373,405

Supporting Schedule:

(a) E-5

Note 1: L47 - Factors Tel Plant in Svc Intrastate %

Recap Schedule:

B-3

Note 2: Amounts from Columns B through D are based on the testimony and Exhibits of Nancy Heller-Hughes.

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
\$(000)

Arizona Corporation Commission

Schedule B-5
Title: Computation of Allowance
For Cash Working Capital
Date: Jun 21, 2004

Supporting Schedule:
Results of Lead Lag Study

Recap Schedule:
B-1

Please see Adjustment No. PFR-04 and supporting workpapers.

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
\$(000)

Arizona Corporation Commission

Schedule C-1
Adjusted Test Year Income Statement

Date: Jun 21, 2004

Source:	[a] Results	[b] C2, Pg 1	[c] C2, Pg 2	[d] C2, Pg 4	[e]=sum(a.d)
	Regulated Intrastate	Accounting Adjustment Summary Total	Rate-making Summary Total	Normalizing Adjustment Summary Total	Intrastate As Adjusted
Revenues					
1 Local Service Revenues	842,673			(67,539)	775,134
2 Network Access Service Revenues	72,786			(7,239)	65,547
3 Long Distance Network Service Rev.	11,163			(2,577)	8,586
4 Miscellaneous	176,362	95	73,363	11,980	261,801
5 Total Oper. Rev. (L1 thru L4)	1,102,984	95	73,363	(65,374)	1,111,068
Expenses					
6 Maintenance	234,089	24,276		(12,248)	246,117
7 Engineering Expense	8,845	1,816		(142)	10,519
8 Network Operations	53,864	15,881		222	69,967
9 Network Administration	1,425	254		1	1,681
10 Access Expense	9,041				9,041
11 Other	397	158			555
12 Total Cost of Svcs & Products(L6 thru L11)	307,661	42,386		(12,167)	337,879
13 Customer Operations	188,345			199	188,545
14 Corporate Operations	202,070	6,021	(974)	(4,311)	202,806
15 Property & Other Taxes	67,302	176		(54)	67,424
16 Uncollectibles	19,499			135	19,634
17 Tot Selling, Gen. & Admin.(L13 thru L16)	477,217	6,197	(974)	(4,032)	478,408
18 Other Operating Income & Expense	(34)		198	(208)	(44)
19 Depreciation Expense	463,615	(105,440)	(14)	5,918	364,079
20 Universal Service Fund					
21 Link Up America	(2)				(2)
22 Total Operating Expense(L12+L17 thru L2)	1,248,457	(56,858)	(790)	(10,489)	1,180,320
23 Income From Operations (L5-L22)	(145,473)	56,953	74,153	(54,885)	(69,252)
Taxes					
24 Federal Income Tax	(68,035)	18,750	15,179	(17,923)	(52,028)
25 State & Local Income Tax	(15,428)	3,805	3,022	(3,568)	(12,170)
26 Net Operating Income (L23-L24-L25)	(62,010)	34,398	55,952	(33,394)	(5,054)
Other					
27 Nonoperating Income & Expense	62,850			264	63,114
28 Nonoperating Income Tax	(5,052)				(5,052)
29 Net Operating Earnings (L26-L27-L28)	(119,809)	34,398	55,952	(33,658)	(63,117)
30 Interest Expense	69,901		27,763	(109)	97,555
31 Juris Diff & Nonreg Net Income					
32 Extraordinary Items	59				59
33 Net Income (L29-L30-L31-L32)	(189,770)	34,398	28,189	(33,549)	(160,731)

Supporting Schedules:

E-2
C-2

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
Schedule C-2, Page 1 of 4
Summary of Accounting Adjustments
Date: Jun 21, 2004

	[a] PFA-01 Depreciation	[b] PFA-02 Post Employment Benefits Other Than Pensions	[c] PFA-03 SOP98 Adoption	[d] PFA-04 Plant Under Construction	[e]=Sum a..d Total Accounting Adjustments
Revenues					
1 Local Service Revenues					
2 Network Access Service Revenues					
3 Long Distance Network Service Rev.					
4 Miscellaneous				95	95
5 Total Oper. Rev. (L1 thru L4)				95	95
Expenses					
6 Maintenance		24,276			24,276
7 Engineering Expense		1,816			1,816
8 Network Operations		15,881			15,881
9 Network Administration		254			254
10 Access Expense					
11 Other		158			158
12 Total Cost of Svcs & Products(L6 thru L11)		42,386			42,386
13 Customer Operations					
14 Corporate Operations		24,680	(18,659)		6,021
15 Property & Other Taxes		176			176
16 Uncollectibles					
17 Tot Selling, Gen. & Admin.(L13 thru L16)		24,856	(18,659)		6,197
18 Other Operating Income & Expense					
19 Depreciation Expense	(109,701)		4,332	(71)	(105,440)
20 Universal Service Fund					
21 Link Up America					
22 Total Operating Expense(L12+L17 thru L21)	(109,701)	67,241	(14,328)	(71)	(56,858)
23 Income From Operations (L5-L22)	109,701	(67,241)	14,328	166	56,953
Taxes					
24 Federal Income Tax	35,894	(22,001)	4,803	54	18,750
25 State & Local Income Tax	7,146	(4,380)	1,028	11	3,805
26 Net Operating Income (L23-L24-L25)	66,661	(40,860)	8,496	101	34,398
Other					
27 Nonoperating Income & Expense					
28 Nonoperating Income Tax					
29 Net Operating Earnings (L26-L27-L28)	66,661	(40,860)	8,496	101	34,398
30 Interest Expense					
31 Juris Diff & Nonreg Net Income					
32 Extraordinary Items					
33 Net Income (L29-L30-L31-L32)	66,661	(40,860)	8,496	101	34,398

Supporting Schedule:
C-2 Attachments

Recap Schedule:
C-1

Jun 21, 2004

PFR-08

PFR-07

PFR-06

PFR-05

PFR-04

PFR-03

PFR-02

PFR-01

Customer
Deposits

Charitable
Contributions

Remove 1991
Merger Cost

Pension Asset

Cash Working
Capital

Interest
Synchronization

Fines and
Penalties

Directory
Revenue
Imputation

Total Rate-making
Adjustments

Revenues

- 1 Local Service Revenues
- 2 Network Access Service Revenues
- 3 Long Distance Network Service Rev.
- 4 Miscellaneous
- 5 Total Oper. Rev. (L1 thru L4)

Expenses

- 6 Maintenance
- 7 Engineering Expense
- 8 Network Operations
- 9 Network Administration
- 10 Access Expense
- 11 Other
- 12 Total Cost of Svcs & Products(L6 thru L11)
- 13 Customer Operations
- 14 Corporate Operations
- 15 Property & Other Taxes
- 16 Uncollectibles
- 17 Tot Selling, Gen. & Admin.(L13 thru L16)
- 18 Other Operating Income & Expense
- 19 Depreciation Expense
- 20 Universal Service Fund
- 21 Link Up America
- 22 Total Operating Expense(L12+L17 thru L21)
- 23 Income From Operations (L5-L22)

Taxes

- 24 Federal Income Tax
- 25 State & Local Income Tax
- 26 Net Operating Income (L23-L24-L25)

Other

- 27 Nonoperating Income & Expense
- 28 Nonoperating Income Tax
- 29 Net Operating Earnings (L26-L27-L28)
- 30 Interest Expense
- 31 Juris Diff & Nonreg Net Income
- 32 Extraordinary Items
- 33 Net Income (L29-L30-L31-L32)

Supporting Schedule:
C-2 Attachments

Recap Schedule:
C-1

	(A) PFN-01	(B) PFN-02	(C) PFN-03	(D) PFN-04	(E) PFN-05	(F) PFN-06	(G) PFN-07
	Out of Period Revenue and Expense	In-Test-Year Rate Changes	Operating Income Annualization	Post-Test-Year Rate Changes	Wage and Salary Rates	Headquarters Factors Update	Rent Compensation Update
Revenues							
1 Local Service Revenues	(21)	(7,057)	(47,162)	(13,300)			
2 Network Access Service Revenues	(1,905)		(334)	(5,000)			
3 Long Distance Network Service Rev.			(2,577)				
4 Miscellaneous	657		3,021				2,326
5 Total Oper. Rev. (L1 thru L4)	(1,268)	(7,057)	(47,052)	(18,300)		(231)	2,326
Expenses							
6 Maintenance	(11,693)				66	(10)	
7 Engineering Expense	1				20	57	
8 Network Operations	193				29		
9 Network Administration					1		
10 Access Expense							
11 Other							
12 Total Cost of Svcs & Products(L6 thru L11)	(11,499)				116	47	
13 Customer Operations	1				72	(2,772)	
14 Corporate Operations	(54)		(2,405)		16	(1,892)	
15 Property & Other Taxes	135						
16 Uncollectibles	81		(2,405)		89	(4,664)	
17 Tot Selling, Gen. & Admin.(L13 thru L16)	(208)						
18 Other Operating Income & Expense	(83)						
19 Depreciation Expense							
20 Universal Service Fund							
21 Link Up America							
22 Total Operating Expense(L12+L17 thru L21)	(11,710)		(2,405)		205	(4,617)	
23 Income From Operations (L5-L22)	10,441	(7,057)	(44,646)	(18,300)	(205)	4,386	2,326
Taxes							
24 Federal Income Tax	3,416	(2,309)	(14,608)	(5,988)	(67)	1,471	761
25 State & Local Income Tax	680	(460)	(2,908)	(1,192)	(13)	293	151
26 Net Operating Income (L23-L24-L25)	6,345	(4,288)	(27,130)	(11,120)	(124)	2,623	1,413
Other							
27 Nonoperating Income & Expense	793					(529)	
28 Nonoperating Income Tax							
29 Net Operating Earnings (L26-L27-L28)	5,552	(4,288)	(27,130)	(11,120)	(124)	3,151	1,413
30 Interest Expense						(109)	
31 Juris Diff & Nonreg Net Income							
32 Extraordinary Items							
33 Net Income (L29-L30-L31-L32)	5,552	(4,288)	(27,130)	(11,120)	(124)	3,260	1,413

Supporting Schedule:
C-2 Attachments

	(H) PFN-08	(I) PFN-09	(J) PFN-10	(K) (L)= Sum A..K
	Incentive	Call Centers	Property Tax Update	Depreciation Synchronization
	Compensation True-Up			Normalizing Adjustments
				Total
Revenues				
1 Local Service Revenues				(67,539)
2 Network Access Service Revenues				(7,239)
3 Long Distance Network Service Rev.				(2,577)
4 Miscellaneous		7,664	(1,456)	11,980
5 Total Oper. Rev. (L1 thru L4)		7,664	(1,456)	(65,374)
Expenses				
6 Maintenance				(12,248)
7 Engineering Expense	(611)			(142)
8 Network Operations	(220)			222
9 Network Administration				1
10 Access Expense				
11 Other				
12 Total Cost of Svcs & Products(L6 thru L11)				
13 Customer Operations	(831)			(12,167)
14 Corporate Operations	(234)	3,132		199
15 Property & Other Taxes	(30)			(4,311)
16 Uncollectibles				(54)
17 Tot Selling, Gen. & Admin.(L13 thru L16)				135
18 Other Operating Income & Expense	(264)	3,132		(4,032)
19 Depreciation Expense				(208)
20 Universal Service Fund				5,918
21 Link Up America				6,001
22 Total Operating Expense(L12+L17 thru L21)	(1,095)	3,132		(10,489)
23 Income From Operations (L5-L22)	1,095	4,531	(1,456)	(54,885)
Taxes				
24 Federal Income Tax	358	1,483	(476)	(17,923)
25 State & Local Income Tax	71	295	(95)	(3,568)
26 Net Operating Income (L23-L24-L25)	665	2,753	(884)	(33,394)
Other				
27 Nonoperating Income & Expense				264
28 Nonoperating Income Tax				
29 Net Operating Earnings (L26-L27-L28)				
30 Interest Expense	665	2,753	(884)	(33,658)
31 Juris Diff & Nonreg Net Income				(109)
32 Extraordinary Items				
33 Net Income (L29-L30-L31-L32)	665	2,753	(884)	(33,549)
				Recap Schedule: C-1

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
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Arizona Corporation Commission

Schedule C-3
Title: Computation of Gross Revenue
Conversion Factor

Date: Jun 21, 2004

INCOME TO REVENUE MULTIPLIER

1 GROSS INTRASTATE REVENUE	100.00%
2 LESS: UNCOLLECTIBLE REVENUE	2.1220%
3 TOTAL REVENUE (L1-L2)	97.8780%
4 LESS: TAXES ON LOCAL REVENUE SERVICE	0.3646%
5 TAXABLE INCOME (L3-L4)	97.5134%
6 LESS: EFFECTIVE STATE INCOME TAX (L5 x 7.41%)	6.3521%
7 LESS: EFFECTIVE FEDERAL INCOME TAX (L5 x 32.41%)	31.9065%
8 NET OPERATING EARNINGS (L5-L6-L7)	59.2548%
9 INCOME TO REVENUE MULTIPLIER (L1 / L8)	<u>1.6876</u>

Notes:

- a. Based on Test Year results.
- b. Includes Franchise and License taxes and Sales Taxes assumed.

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
Supporting Detail for Schedule C3

Date: Jun 21, 2004

Ln #	Description	Source	Amount
1	Gross Intrastate Revenue	Input	100.00%
2	Less: Uncollectible Revenue	L16	2.1220%
3	Total Revenue	L1 - L2	97.8780%
4	Less: Taxes On Local Revenue Service	L23	0.3646%
5	Taxable Income	L3 - L4	97.5134%
6	State Gross Up Income Tax Rate	L26	6.5141%
7	Less: Effective State Income Tax	L5 x L6	6.3521%
8	Federal Gross Up Income Tax Rate	L29	32.7201%
9	Less: Effective Federal Income Tax	Ln 5 x 8	31.9065%
10	Net Operating Earnings	L5 - L7 - L9	59.2548%
11	Income To Revenue Multiplier	L1 / L10	1.6876
Uncollectible Revenue % for Line 2			
12	Intrastate Revenues - Local	1990 Detail (LU)	842,673,206
13	Intrastate Revenues - Long Distance	1990 Detail (LU)	11,163,067
14	Total Loc + LD Intrastate Revenues	L12 + L13	853,836,273
15	Uncollectible Revenues	1990 Detail (LU)	18,118,730
16	Percent Uncollectible	L15 / L12	2.1220%
Taxes on Local Service Revenue (aka Gross Receipts & Franchise Tax)			
17	Total Intrastate Revenue	1990 Detail (LU)	1,013,575,794
18	Less: Miscellaneous Revenue	1990 Detail (LU)	86,953,480
19	Intrastate Revenue Excluding Misc	L17 - L18	926,622,314
20	Gross Receipts Tax, A/C #7240.2	1990 Detail (LU)	4,191,495
21	Customer Sales Tax Assumed, A/C #7240.9	1990 Detail (LU)	-812,695
22	Total Gross Receipts + Franchise Tax	L20 + L21	3,378,800
23	Total Tax on Local Service Rev %	L22/L19	0.3646%
Effective Tax Rates			
24	Arizona Corporate Income Tax Rate	http://www.revenue.state.az.us/corprate.pdf	6.9680%
25	1 + State Statutory Rate	L24 + 100%	106.968%

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
Supporting Detail for Schedule C3

Date: Jun 21, 2004

Ln #	Description	Source	Amount
26	State Gross Up Tax Rate	L24 / L25	6.5141%
27	Federal Income Tax Rate	Misc Detail LU	35.00%
28	Effect of State Deduction	L27 x L26	2.2799%
29	Federal Gross Up Rate	L27 - L28	32.7201%

ARIZONA INTRASTATE OPERATIONS
Backup: Cost of Capital Support (\$000s)
Test Year Ending December 31, 2003

Test Year: Dec 31 2003
Projected Year: Dec 31 2005

Date: Jun 21, 2004

Line	Source	Test Year -2 Dec 31 2001	Test Year -1 Dec 31 2002	Test Year Dec 31 2003	Test Year +1 Dec 31 2004	Test Year +2 Dec 31 2005
1	Weighted Cost of Capital					
2	(Calculated)	10.63%	11.11%	11.18%	11.18%	11.18%
3						
4						
5	End of Period Balance					
6	Notes Payable	161,822	0	0	0	0
7	Current Maturities	75,023	195,266	144,202	144,202	144,202
8	Total ST Debt	236,845	195,266	144,202	144,202	144,202
9						
10	Funded & Other LTD	875,320	949,647	1,097,610	1,097,610	1,097,610
11	Capital Leases	12,127	2,901	1,191	1,191	1,191
12	Total LT Debt	887,448	952,548	1,098,801	1,098,801	1,098,801
13						
14	Total Debt	1,124,293	1,147,814	1,243,002	1,243,002	1,243,002
15	Equity	988,994	771,756	410,503	410,503	410,503
16	Total Capital	2,113,286	1,919,570	1,653,505	1,653,505	1,653,505
17	Cost					
18	Notes Payable	3.00%	0.00%	0.00%	0.00%	0.00%
19	Current Maturities of Longterm Debt	6.49%	7.68%	7.24%	7.24%	7.24%
20	Total Short Term Debt	4.11%	7.68%	7.24%	7.24%	7.24%
21						
22	Funded & Other LTD	7.72%	8.17%	7.89%	7.89%	7.89%
23	Capital Leases	8.09%	7.80%	8.95%	8.95%	8.95%
24	Total Long Term Debt	7.72%	8.17%	7.89%	7.89%	7.89%
25	Total Debt	6.96%	8.09%	7.82%	7.82%	7.82%
26						
27	Equity	14.80%	15.60%	21.40%	21.40%	21.40%
28	Calculated Results					
29	% of Total Capital					
30	Notes Payable	7.66%	0.00%	0.00%	0.00%	0.00%
31	Current Maturities	3.55%	10.17%	8.72%	8.72%	8.72%
32	Total ST Debt	11.21%	10.17%	8.72%	8.72%	8.72%
33						
34	Funded & Other LTD	41.42%	49.47%	66.38%	66.38%	66.38%
35	Capital Leases	0.57%	0.15%	0.07%	0.07%	0.07%
36	Total LT Debt	41.99%	49.62%	66.45%	66.45%	66.45%
37						
38	Total Debt	53.20%	59.80%	75.20%	75.20%	75.20%
39	Equity	46.80%	40.20%	24.80%	24.80%	24.80%
40	Total Capital	100.00%	100.00%	100.00%	100.00%	100.00%
41	Weighted Cost of Capital					
42	Notes Payable	0.2299%	0.0000%	0.0000%	0.0000%	0.0000%
43	Current Maturities	0.2302%	0.7812%	0.6314%	0.6314%	0.6314%
44	Total ST Debt	0.4601%	0.7812%	0.6314%	0.6314%	0.6314%
45						
46	Funded & Other LTD	3.1970%	4.0419%	5.2374%	5.2374%	5.2374%

ARIZONA INTRASTATE OPERATIONS
Backup: Cost of Capital Support (\$000s)
Test Year Ending December 31, 2003

Date: Jun 21, 2004

Test Year: Dec 31 2003
Projected Year: Dec 31 2005

Line		Source	Test Year -2 Dec 31 2001	Test Year -1 Dec 31 2002	Test Year Dec 31 2003	Test Year +1 Dec 31 2004	Test Year +2 Dec 31 2005
1	Weighted Cost of Capital						
2	(Calculated)	L52	10.63%	11.11%	11.18%	11.18%	11.18%
47	Capital Leases	L23xL35	0.0464%	0.0118%	0.0064%	0.0064%	0.0064%
48	Total LT Debt	L46+L47	3.2435%	4.0536%	5.2439%	5.2439%	5.2439%
49							
50	Total Debt	L44+L48	3.7036%	4.8349%	5.8753%	5.8753%	5.8753%
51	Equity	L27xL39	6.9264%	6.2712%	5.3072%	5.3072%	5.3072%
52	Weighted Cost of Capital	L50+L51	10.63%	11.11%	11.18%	11.18%	11.18%
53	Annual \$ Cost						
54	Notes Payable	L6xL18	\$4,858	\$	\$	\$	\$
55	Current Maturities	L7xL19	\$4,866	\$14,996	\$10,440	\$10,440	\$10,440
56	Total ST Debt	L54+L55	\$9,723	\$14,996	\$10,440	\$10,440	\$10,440
57							
58	Funded & Other LTD	L10xL22	\$67,562	\$77,586	\$86,601	\$86,601	\$86,601
59	Capital Leases	L11xL23	\$981	\$226	\$107	\$107	\$107
60	Total LT Debt	L58+L59	\$68,544	\$77,812	\$86,708	\$86,708	\$86,708
61							
62	Total Debt	L56+L60	\$78,267	\$92,809	\$97,148	\$97,148	\$97,148
63	Equity	L39xL51	\$146,371	\$120,394	\$87,848	\$87,848	\$87,848
64	Total Cost of Capital	L62+L63	\$224,638	\$213,203	\$184,996	\$184,996	\$184,996

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
\$(000)

Arizona Corporation Commission

Schedule D-1
Title: Summary of Cost of Capital

Date: Jun 21, 2004

Arizona Invested Capital	Arizona Total State Test Year Ending December 31, 2003			
	A Amount (a)	B Percent	C Cost Rate (b)	D = B * C Composite Cost
1 Common Equity	410,503	24.80%	21.40%	5.307%
2 Long Term Debt	1,098,801	66.50%	7.89%	5.248%
3 Short Term Debt	144,202	8.70%	7.24%	0.630%
4 Total Debt (L.1+L.2)	1,243,002	75.20%	7.82%	5.877%
5 Total Capital (L.1+L.4)	1,653,505	100.00%		11.180%
6 Debt Ratio (L.4/L.5)	75.17%			
End of Projected Year				
7 Common Equity	410,503	24.80%	21.40%	5.31%
8 Long Term Debt	1,098,801	66.50%	7.89%	5.25%
9 Short Term Debt	144,202	8.70%	7.24%	0.63%
10 Total Debt (L.8+L.9)	1,243,002	75.20%	7.82%	5.88%
11 Total Capital (L.7+L.10)	1,653,505	100.00%		11.18%
16 Debt Ratio (L.10/L.11)	75.17%			

Supporting Schedules:
(a) D-2
(b) D-3

Recap Schedule:
A-1

QWEST CORPORATION
 ARIZONA INTRASTATE OPERATIONS
 Test Year Ending December 31, 2003
 \$(000)

Arizona Regulation R-14 Filing

Schedule D-2
 Title: Cost of Long-Term
 and Short-Term Debt

Test Year: Dec 31 2003
 Projected Year: Dec 31 2005

Date: Jun 21, 2004

Arizona Total State

	End of Test Year		End of Projected Year	
	A	B	C	D
<u>Description of Debt</u>	<u>Outstanding</u>	<u>Annual Interest *</u>	<u>Outstanding</u>	<u>Annual Interest *</u>
Long-Term Debt:				
Funded & other L-T Debt	1,097,610	86,601	1,097,610	86,601
Capital Leases	1,191	107	1,191	107
Total L-T Debt	1,098,801	86,708	1,098,801	86,708
Cost Rate		7.89%		
Short-Term Debt:				
Notes Payable				
Current Maturities	144,202	10,440	144,202	10,440
Total S-T Debt	144,202	10,440	144,202	10,440
Cost Rate		7.24%		
Total Debt	1,243,002	97,148	1,243,002	97,148
Cost Rate		7.82%		7.82%

* Including amortization of discount, premium expense

Recap Schedule:
 D-1

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
\$(000)

Arizona Corporation Commission

Schedule D-3
Title: Cost of Preferred Stock

Date: Jun 21, 2004

Qwest Corporation has no preferred stock outstanding on December 31, 2002.

Recap Schedule:
D-1

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
\$(000)

Arizona Corporation Commission

Schedule D-4
Title: Cost of Common Equity

Date: Jun 21, 2004

Proxy Group:	Average Levered <u>Beta</u>	Average Unlevered <u>Beta</u>	<u>CAPM Inputs</u>		<u>CAPM Equity Return Estimate</u>
			<u>Risk Free Rate</u>	<u>Mkt Risk Premium</u>	
Comparable Companies	.78	.71	3.8%	8.2%	10.2%
Telephone Companies	1.01	.74	3.8%	8.2%	12.1%
Qwest Corporation	2.15	.725	3.8%	8.2%	21.4%
The point estimate for the cost of common equity is 21.4%.					

Recap Schedule:
D-1

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
\$(000)

Schedule E-1
Title: Comparative Balance Sheets

Date: Jun 21, 2004

	A End of Year At Dec 31 2001	B End of Year At Dec 31 2002	C End of Test Year At Dec 31 2003
<u>Assets</u>			
1 Plant in Service	4,579,310	4,766,472	4,863,469
2 Less: Depreciation Reserve	2,290,900	2,668,899	3,023,100
3 Net Plant (L1 - L2)	2,288,410	2,097,573	1,840,369
4 Material & Supplies	23,677	21,093	18,393
5 Total Assets (L.3 +4)	2,312,087	2,118,666	1,858,763
<u>Liabilities & Capital</u>			
6 Notes Payable	111,273		
7 Current Maturities	51,588	134,270	99,157
8 Funded and Other LT Debt	601,894	653,003	754,746
9 Capital Leases	8,339	1,995	819
10 Total Debt (L.6 thru 9)	773,094	789,268	854,722
11 Shareholder's Equity	680,059	530,681	282,273
12 Land Development Agreement Deposits	7,244	2,485	2,023
13 Accumulated Deferred Income Taxes	280,462	246,667	207,222
14 Customer Deposits	5,939	4,188	2,408
14 Other Liabilities (Reconciling Item)	565,850	545,886	510,553
15 Total Liabilities & Capital (Sum L10:L14)	2,312,647	2,119,175	1,859,201

Supporting Schedule:
(a) E-5, E-5 Dtl, D-1

Recap Schedule:
A-3

Note 1: Intrastate capital items are developed by multiplying total state capital from Schedule D-1 times Net Plant Factor on Factors Worksheet.

Note 2: The Other Liabilities amount on Line 14 is the difference between the rate base items (Schedule E-5 DTL L1) and intrastate portion of total capital (Schedule D-Dtl L16).

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
\$(000)

Schedule E-2
Title: Comparative Income Statements

Date: June 21, 2004

	E	D	A
	End of Year at Dec 31 2001	End of Year at Dec 31 2002	Test Year Dec 31 2003 Actual
<u>Description</u>			
1 Local Service Revenues	1,018,732	947,532	842,673
2 Network Access Service Revenues	115,572	97,631	72,786
3 Long Distance Network Service Rev.	19,845	14,444	11,163
4 Miscellaneous	185,592	154,219	176,362
5 Total Oper. Rev. (L.1 thru L.4)	1,339,741	1,213,826	1,102,984
6 Maintenance	295,738	241,425	234,089
7 Engineering Expense	8,736	12,611	8,845
8 Network Operations	48,669	58,681	53,864
9 Network Administration	-1,827	1,567	1,425
10 Access Expense	20,652	6,311	9,041
11 Other	358	167	397
12 Total Cost of Services & Product (L.6 thru L.11)	372,327	320,763	307,661
13 Customer Operations	197,234	206,012	188,345
14 Corporate Operations	209,581	151,657	202,070
15 Property & Other Taxes	53,402	63,122	67,302
16 Uncollectibles	31,453	28,407	19,499
17 Total Selling, General & Admin. (L.13 thru L.16)	491,669	449,199	477,217
18 Other Oper. Inc. & Expense	6	47	-34
19 Depreciation Expense	428,691	461,241	463,615
20 Universal Service Fund	42	-5,284	0
21 Link Up America	-13	-5	-2
22 Total Operating Expense (L.12+L.17+L.18+L.19+L.20+L.21)	1,292,722	1,225,962	1,248,457
23 Income From Operations (L.5-22)	47,019	-12,136	-145,473
24 Federal Income Tax (c)	-2,628	-8,001	-68,035
25 State and Local	-4,414	-9,541	-15,428
26 Net Operating Income (L.23-24-25)	54,061	5,406	-62,010
27 Nonoperating Income & Expense	35,059	131,900	62,850
28 Nonoperating Income Tax	-69	-1,364	-5,052
29 Net Operating Earnings (L.26-27-28)	19,072	-125,130	-119,809
30 Interest Expense	58,582	65,682	69,901
31 Juris Diff & Nonreg Net Income	0	0	0
32 Extraordinary Items	0	0	59
33 Net Income (L.29-L.30-L.31-L.32)	-39,511	-190,812	-189,770
34 Income for JDIC	0	-1	-2
35 Income for Equity	-39,511	-190,811	-189,768
36 % Regulatory Return on End of Period Equity (L35 / Common Equity)	-4.00%	-24.72%	-46.23%

Supporting Schedules:
(a) E-6
(c) E-8

Recap Schedules:
A-2
C-1

SCHEDULE E-2 SUPPORT DETAIL (E2-DET)

Title: Comparative Departmental Income

QWEST CORPORATION

Arizona Intrastate Operations

Date:

6/21/2004 9:27

(In Whole Dollars)

	200101	200102	200103	200104	200105	200106	200107	200108	200109	200110	200111
Total (Intra + JD - DeReg)											
REVENUES											
1 LOCAL SERVICE	85,186,134	85,179,537	86,944,120	85,350,589	86,938,029	84,469,042	84,687,014	84,526,647	81,632,010	83,416,890	90,854,376
2 ACCESS SERVICE	10,714,610	9,707,036	10,621,226	9,819,606	9,226,445	9,309,489	9,811,303	10,121,476	9,560,584	9,540,416	8,577,270
3 LONG DISTANCE SERV	1,602,889	1,584,084	1,841,277	1,636,433	1,692,423	1,670,454	2,023,295	1,593,624	1,582,830	1,674,527	1,408,991
4 MISCELLANEOUS	10,358,906	14,170,297	20,827,202	13,873,436	13,908,146	17,856,612	19,720,405	15,233,395	18,156,651	11,159,247	8,495,396
5 TOTAL REVENUE	107,862,549	110,640,954	120,233,825	110,680,064	111,765,043	113,305,597	116,222,017	111,475,142	110,932,075	105,791,080	109,336,033
EXPENSES											
COSTS OF SERV & PRODS											
6 MAINTENANCE	24,043,428	21,574,459	27,720,125	22,113,705	23,487,432	31,567,734	25,289,560	26,408,987	(2,207,604)	26,338,130	22,945,988
7 ENGINEERING	279,228	(32,949)	193,227	209,029	684,786	479,441	927,838	669,474	935,593	1,130,359	1,593,694
8 NETWORK OPER	7,457,532	6,850,468	(2,722,432)	6,759,841	3,975,851	3,712,087	4,614,752	4,125,611	3,327,224	2,833,833	1,585,990
9 NETWORK ADM	137,706	88,386	1,345,901	103,838	141,118	(678,540)	102,902	197,578	17,916,429	35,493	100,411
10 ACCESS	3,763,086	2,978,071	3,022,352	3,206,569	1,250,426	1,691,438	(3,141,996)	1,458,056	1,679,861	1,315,640	1,659,291
11 OTHER	350,965	50,357	(486,197)	200,853	(416,955)	141,497	(10,319)	232,518	99,543	(149,424)	(542,107)
12 TOTAL COST & PRODS	36,031,946	31,508,792	29,072,976	32,593,835	29,122,658	36,913,657	27,782,737	33,092,124	21,751,046	31,504,031	27,343,267
SELL, GEN & ADMIN											
13 CUSTOMER OPERS	15,389,794	13,805,696	22,232,912	16,824,284	14,598,315	12,191,004	16,908,368	15,672,483	14,671,655	18,225,187	15,892,894
14 CORPORATE OPERS	20,648,440	11,115,525	19,826,036	15,200,078	22,864,428	11,349,653	12,238,159	18,421,758	12,876,121	15,694,269	14,332,543
15 PROP & OTH TAXES	4,286,594	4,657,769	4,701,034	4,649,594	4,819,232	(4,534,272)	4,920,074	4,895,689	4,914,947	4,915,655	5,415,869
16 UNCOLLECTIBLES	1,953,783	2,382,797	1,928,065	1,682,487	1,882,816	2,197,266	2,674,834	2,328,291	2,670,562	4,122,556	3,164,556
17 TOT SELL, GEN & ADM	42,278,611	31,961,778	48,888,048	38,356,444	44,164,790	21,203,651	36,742,436	41,318,222	35,133,286	42,957,667	38,805,863
18 OTH OPR INC & EXP	0	0	5,603	0	0	0	0	0	0	0	0
19 DEPR. & AMORT.	34,154,749	34,275,597	34,613,575	34,940,764	35,353,132	35,210,754	36,332,875	36,585,494	36,284,415	37,688,162	37,922,457
20 UNIV SERV FUND	1,163	41,265	0	0	0	0	0	0	0	0	0
21 LINK UP AMERICA	(13,507)	3,051	(1,464)	(1,484)	(2,450)	(842)	(964)	8,947	(1,364)	(667)	(3,154)
22 TOTAL OPER EXPS	112,452,961	97,790,483	112,378,738	105,889,558	108,638,130	93,327,219	100,857,084	111,004,787	93,167,382	112,149,193	104,068,434
(L12+17 THRU 21)											
23 INC BEFORE TAXES	(4,590,412)	12,850,471	7,855,087	4,790,506	3,126,913	19,978,377	15,364,933	470,355	17,764,693	(6,358,113)	5,267,600
(L5-L22)											
INCOME TAXES											
24 FEDERAL	(3,198,386)	5,924,350	(350,682)	247,913	(514,660)	5,520,096	3,434,448	(1,516,223)	4,485,162	(3,978,809)	402,812
25 STATE AND LOCAL	(154,486)	1,098,658	153,510	(250,818)	(26,592)	1,099,707	764,325	85,064	1,267,860	54,771	89,705
26 NET OPER INCOME	(1,237,540)	5,827,463	8,052,259	4,793,410	3,668,165	13,358,574	11,166,160	1,901,514	12,011,671	(2,434,075)	4,775,082
(L23-L24-L25)											
27 INTEREST EXPENSE	4,862,925	4,773,408	4,813,509	4,743,898	4,850,797	4,880,922	4,979,988	4,928,587	4,978,118	4,883,730	4,153,565
28 NONOPER INC & EXP	2,093,999	1,986,738	3,464,546	1,580,695	2,580,633	625,915	3,223,495	2,139,344	2,424,564	2,082,149	2,167,659
29 NONOPER INC TAX	83,320	65,052	267,655	259,507	(280,939)	(105,035)	218,752	(19,159)	(56,772)	(14,131)	44,215
30 JUR DIFF & NONREG	0	0	0	0	0	0	0	0	0	0	0
31 EXTRA ITEMS	0	0	(28,709)	0	8,808	0	0	0	0	0	0
32 NET INCOME	(8,277,785)	(997,735)	(464,743)	(1,790,690)	(3,491,134)	7,956,773	2,743,926	(5,147,257)	4,665,761	(9,385,823)	(1,590,357)

SCHEDULE E-2 SUPPORT DETAIL (E2-DET)

Title: Comparative Departmental Income

QWEST CORPORATION

Arizona Intrastate Operations

Date:

6/21/2004 9:27

(In Whole Dollars)

INTRASTATE (1990 Detail)

REVENUES

	200101	200102	200103	200104	200105	200106	200107	200108	200109	200110	200111
1 LOCAL SERVICE	85,186,134	85,179,537	86,944,120	85,350,589	86,938,029	84,469,042	84,667,014	84,526,847	81,632,010	83,416,890	90,854,376
2 ACCESS SERVICE	10,714,610	9,707,036	10,621,226	9,819,606	9,228,445	9,309,489	9,811,303	10,121,476	9,560,584	9,540,416	8,577,270
3 LONG DISTANCE SERV	1,602,889	1,584,084	1,841,277	1,636,433	1,692,423	1,670,454	2,023,295	1,593,624	1,582,830	1,674,527	1,408,991
4 MISCELLANEOUS	2,028,604	5,884,962	8,401,339	5,805,792	5,827,400	6,060,120	9,216,079	6,698,470	9,072,571	3,018,316	(620,945)
5 TOTAL REVENUE	99,532,247	102,355,619	107,807,962	102,612,420	103,684,297	101,509,105	105,717,691	102,940,217	101,847,995	97,650,149	100,219,692

EXPENSES

COSTS OF SERV & PRODS

6 MAINTENANCE	21,434,744	19,241,759	25,155,528	19,639,848	21,111,070	26,683,314	21,821,734	23,470,038	(2,784,741)	23,204,456	20,089,957
7 ENGINEERING	277,061	(34,986)	190,989	208,845	683,967	479,070	927,316	668,973	932,681	1,127,813	1,588,256
8 NETWORK OPER	6,582,804	6,027,695	(2,441,345)	5,912,067	3,520,027	3,301,301	4,100,555	3,667,023	2,919,110	2,471,867	1,377,551
9 NETWORK ADM	136,713	87,742	1,335,539	103,060	140,071	(673,564)	102,212	196,268	17,798,197	35,264	99,780
10 ACCESS	3,763,086	2,978,071	3,022,352	3,206,569	1,250,426	1,691,438	(3,141,996)	1,458,056	1,679,861	1,315,640	1,659,291
11 OTHER	322,915	48,479	(465,165)	194,075	(404,753)	137,345	(10,064)	227,518	97,783	(147,515)	(533,608)
12 TOTAL COST & PRODS	32,517,324	28,348,760	26,797,908	29,264,464	26,300,808	31,618,904	23,799,757	29,687,876	20,643,891	28,007,525	24,281,207

SELL, GEN & ADMIN

13 CUSTOMER OPERS	13,848,475	12,162,595	19,295,293	14,831,409	12,721,292	11,243,825	14,445,527	12,846,838	13,091,111	14,264,633	12,387,197
14 CORPORATE OPERS	19,415,046	10,117,619	18,802,443	14,187,985	21,547,820	10,515,081	11,106,656	17,262,982	12,191,218	14,319,581	13,393,695
15 PROP & OTH TAXES	4,219,502	4,585,034	4,625,054	4,576,189	4,737,781	(4,486,535)	4,832,738	4,811,330	4,836,458	4,826,612	5,314,389
16 UNCOLLECTIBLES	1,784,108	2,214,047	1,758,202	1,557,084	1,752,056	2,049,485	2,460,119	2,153,181	2,481,612	3,947,134	2,917,375
17 TOT SELL, GEN & ADM	39,267,131	29,079,286	44,480,993	35,152,668	40,758,948	19,321,856	32,845,041	37,074,332	32,600,400	37,357,960	34,012,657
18 OTH OPR INC & EXP	0	0	5,188	0	0	0	0	0	0	0	0
19 DEPR. & AMORT.	33,526,510	33,644,692	33,969,568	34,363,227	34,780,911	34,636,364	35,790,427	36,012,341	35,763,298	37,105,802	37,229,553
20 UNIV SERV FUND	1,163	41,265	0	0	(2,450)	0	0	0	0	0	0
21 LINK UP AMERICA	(13,507)	3,051	(1,464)	(1,484)	(450)	(842)	(964)	8,947	(1,364)	(667)	(3,154)
22 TOTAL OPR EXPS	105,298,620	91,117,064	105,252,193	98,778,874	101,838,217	85,576,281	92,434,261	102,783,496	89,006,224	102,470,520	95,520,264
(L12+L17 THRU 21)											
23 INC BEFORE TAXES	(5,766,373)	11,238,555	2,555,769	3,833,546	1,846,080	15,932,823	13,283,430	156,721	12,841,771	(4,820,471)	4,699,429
(L5-L22)											

INCOME TAXES

24 FEDERAL	(3,505,171)	5,440,300	(1,803,840)	(63,957)	(899,750)	4,230,315	2,807,223	(1,586,455)	2,905,834	(3,435,282)	249,292
25 STATE AND LOCAL	(339,624)	1,001,050	(343,260)	(269,029)	(135,970)	708,308	581,947	75,297	840,058	171,981	83,995
26 NET OPR INCOME	(1,921,578)	4,797,205	4,702,869	4,166,531	2,881,800	10,994,200	9,894,260	1,667,879	9,095,879	(1,557,170)	4,366,141
(L23-L24-L25)											

27 INTEREST EXPENSE

27 INTEREST EXPENSE	4,780,802	4,693,728	4,731,035	4,661,517	4,770,741	4,801,451	4,898,913	4,851,343	4,907,273	4,805,345	4,084,123
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28 NONOPER INC & EXP

28 NONOPER INC & EXP	2,088,921	1,975,201	3,444,594	1,574,324	2,534,699	614,435	3,216,972	2,146,475	2,407,328	2,077,456	2,163,338
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29 NONOPER INC TAX

29 NONOPER INC TAX	71,731	56,444	259,577	247,643	(272,039)	(107,190)	199,674	(34,468)	(63,130)	(24,764)	32,150
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30 JUR DIFF & NONREG

30 JUR DIFF & NONREG	0	0	(26,940)	0	8,122	0	0	0	0	0	0
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31 EXTRA ITEMS

31 EXTRA ITEMS	0	0	0	0	0	0	0	0	0	0	0
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32 NET INCOME

32 NET INCOME	(8,862,833)	(1,928,168)	(3,705,398)	(2,316,953)	(4,159,723)	5,685,505	1,578,702	(5,295,470)	1,844,408	(8,415,207)	(1,913,470)
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DEFERRED INCOME TAX

33 FEDERAL	(1,470,410)	2,681,287	(4,238,908)	(1,011,826)	(2,506,832)	(5,116,153)	(2,425,485)	(2,306,025)	(1,088,943)	(243,448)	(3,376,325)
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SCHEDULE E-2 SUPPORT DETAIL (E2-DET)

Title: Comparative Departmental Income

QWEST CORPORATION

Arizona Intrastate Operations

Date: 6/21/2004 9:27

(In Whole Dollars)

200101	200102	200103	200104	200105	200106	200107	200108	200109	200110	200111
(659,092)	400,395	(1,070,829)	(607,798)	(743,000)	(762,595)	(672,461)	(651,954)	(350,776)	(197,246)	(865,046)
(2,129,502)	3,081,682	(5,309,737)	(1,619,624)	(3,249,832)	(5,878,738)	(3,097,946)	(2,957,979)	(1,439,719)	(440,694)	(4,241,371)
34 STATE										
35 TOTAL DEFERRED INCOMI										

PART X DETAIL

REVENUES	200,101	200,102	200,103	200,104	200,105	200,106	200,107	200,108	200,109	200,110	200,111
1 LOCAL SERVICE											
2 ACCESS SERVICE											
3 LONG DISTANCE SERV											
4 MISCELLANEOUS											
5 TOTAL REVENUE	9,366,370	9,445,889	13,508,048	9,240,329	9,214,055	13,129,919	11,738,094	9,348,708	10,229,909	8,893,168	9,992,484
EXPENSES	9,366,370	9,445,889	13,508,048	9,240,329	9,214,055	13,129,919	11,738,094	9,348,708	10,229,909	8,893,168	9,992,484
COSTS OF SERV & PRODS											
6 MAINTENANCE	3,078,447	2,727,871	2,971,951	2,805,010	2,716,463	5,317,592	3,996,837	3,560,204	372,471	3,370,944	3,560,005
7 ENGINEERING	2,173	2,037	2,242	191	869	396	547	538	2,980	2,620	5,607
8 NETWORK OPER	964,477	897,390	(303,865)	897,534	489,185	439,510	584,362	505,009	437,513	378,487	218,489
9 NETWORK ADM	983	644	10,362	778	1,047	(4,976)	690	1,310	117,232	229	651
10 ACCESS											
11 OTHER	218,322	24,247	(247,329)	81,477	(167,126)	31,076	(2,199)	49,530	17,622	(1,960)	(9,751)
12 TOTAL COST & PRODS	4,264,412	3,652,189	2,433,361	3,784,990	3,040,438	5,783,598	4,560,237	4,116,591	947,818	3,750,320	3,775,001
SELL, GEN & ADMIN											
13 CUSTOMER OPERS	2,060,055	1,913,732	3,455,232	2,600,116	2,427,568	2,156,129	2,890,326	3,368,562	2,349,752	4,619,453	4,361,811
14 CORPORATE OPERS	1,614,517	1,224,075	1,246,983	1,351,531	1,688,960	1,034,994	1,131,994	1,386,360	800,435	1,628,903	1,100,358
15 PROP & OTH TAXES	179,755	180,707	185,908	179,910	187,525	1,978	209,559	187,641	198,734	194,641	205,584
16 UNCOLLECTIBLES	179,772	168,750	169,863	125,403	130,760	147,781	214,715	175,110	188,950	175,422	247,181
17 TOT SELL, GEN & ADM	4,034,099	3,487,264	5,057,986	4,256,960	4,434,813	3,340,882	4,446,594	5,117,673	3,537,871	6,618,419	5,914,934
18 OTH OPR INC & EXP	0	0	508	0	0	0	0	0	0	0	0
19 DEPR. & AMORT.	723,813	699,754	722,312	643,794	640,257	668,566	603,673	648,389	601,250	642,439	803,708
20 UNIV SERV FUND											
21 LINK UP AMERICA											
22 TOTAL OPR EXPS	9,022,324	7,839,207	8,214,167	8,685,744	8,115,508	9,793,046	9,610,504	9,882,653	5,086,939	11,011,178	10,493,643
(L12+17 THRU 21)											
23 INC BEFORE TAXES	344,046	1,606,682	5,293,881	554,585	1,098,547	3,336,873	2,127,590	(533,945)	5,142,970	(2,118,010)	(501,159)
(L5-L22)											
INCOME TAXES											
24 FEDERAL	48,469	459,016	1,462,888	173,781	314,377	1,047,142	629,166	(209,347)	1,628,665	(736,432)	(199,942)
25 STATE AND LOCAL	39,779	147,422	501,162	(13,597)	90,523	319,319	185,087	(69,197)	448,723	(178,032)	(86,377)
26 NET OPR INCOME	255,798	1,000,244	3,329,831	394,401	693,647	1,970,412	1,313,337	(255,401)	3,065,582	(1,203,546)	(214,840)
(L23-L24-L25)											
27 INTEREST EXPENSE	109,067	103,122	106,794	106,590	104,675	107,270	105,376	102,294	96,296	101,613	91,905
28 NONOPER INC & EXP	6,377	14,511	24,525	8,013	55,505	13,730	7,863	(8,160)	21,117	5,718	5,252
29 NONOPER INC TAX	16,572	12,201	12,040	16,533	(9,550)	9,805	26,161	20,362	9,836	14,291	16,601
30 JUR DIFF & NONREG											
31 EXTRA ITEMS	0	0	(2,166)	0	828	0	0	0	0	0	0

SCHEDULE E-2 SUPPORT DETAIL (E2-DET)

Title: Comparative Departmental Income

QWEST CORPORATION

Arizona Intrastate Operations

Date: 6/21/2004 9:27

(In Whole Dollars)

32 NET INCOME 200101 200102 200103 200104 200105 200106 200107 200108 200109 200110 200111

Dereg

REVENUES

1 LOCAL SERVICE 0
2 ACCESS SERVICE 0
3 LONG DISTANCE SERV 0
4 MISCELLANEOUS 1,036,068
5 TOTAL REVENUE 1,036,068

EXPENSES

COSTS OF SERV & PRODS

6 MAINTENANCE 469,763
7 ENGINEERING 6
8 NETWORK OPER 89,749
9 NETWORK ADM 0
10 ACCESS 0
11 OTHER 190,272
12 TOTAL COST & PRODS 749,790

SELL, GEN & ADMIN

13 CUSTOMER OPERS 518,736
14 CORPORATE OPERS 381,123
15 PROP & OTH TAXES 112,663
16 UNCOLLECTIBLES 10,097
17 TOT SELL, GEN & ADM 1,022,619
18 OTH OPR INC & EXP 0
19 DEPR. & AMORT. 95,574
20 UNIV SERV FUND 0
21 LINK UP AMERICA 0
22 TOTAL OPR EXPS (L12+17 THRU 21) 1,867,983
23 INC BEFORE TAXES (L5-L22) (831,915)

INCOME TAXES

24 FEDERAL (258,316)
25 STATE AND LOCAL (145,359)
26 NET OPR INCOME (L23-L24-L25) (428,240)

27 INTEREST EXPENSE 26,744
28 NONOPER INC & EXP 1,299
29 NONOPER INC TAX 4,983
30 JUR DIFF & NONREG 0
31 EXTRA ITEMS 0

SCHEDULE E-2 SUPPORT DETAIL (E2-DET)

Title: Comparative Departmental Income

QWEST CORPORATION

Arizona Intrastate Operations

Date: 6/21/2004 9:27

(In Whole Dollars)

32 NET INCOME	200101	200102	200103	200104	200105	200106	200107	200108	200109	200110	200111
	(461,266)	(60,023)	(52,017)	(262,998)	(126,400)	(431,661)	8,713	(518,110)	116,980	(354,552)	(651,711)

SCHEDULE E-2 SUPPORT DETAIL (E2-DE)

Title: Comparative Departmental Income

QWEST CORPORATION

Arizona Intrastate Operations

Date:

6/21/2004 9:27

(In Whole Dollars)

	200112	200201	200202	200203	200204	200205	200206	200207	200208	200209	200210
Total (Intra + JD - DeReg)											
REVENUES											
1 LOCAL SERVICE	79,567,763	83,221,317	81,018,313	82,390,247	80,310,297	78,171,807	79,506,786	77,286,167	77,113,633	77,169,858	77,234,418
2 ACCESS SERVICE	8,562,215	8,477,444	8,434,413	8,897,410	8,563,334	7,879,018	7,857,016	8,099,871	8,338,977	8,181,573	7,613,316
3 LONG DISTANCE SERV	1,534,373	1,361,225	1,169,452	1,257,438	1,249,945	1,293,500	1,298,905	1,352,720	1,204,877	1,179,115	1,150,439
4 MISCELLANEOUS	21,832,401	11,943,816	11,573,471	18,451,939	13,103,154	14,882,010	14,466,323	14,976,621	19,348,316	7,500,491	5,130,797
5 TOTAL REVENUE	111,496,772	105,003,802	102,195,649	110,997,034	103,226,730	102,226,335	103,129,030	101,715,379	106,005,803	94,031,037	91,128,970
EXPENSES											
COSTS OF SERV & PRODS											
6 MAINTENANCE	46,456,156	19,017,426	24,239,871	17,428,044	20,656,560	16,318,601	15,097,696	18,522,876	18,654,053	28,020,523	22,969,981
7 ENGINEERING	1,666,432	1,522,553	431,796	854,187	280,224	380,319	999,377	669,019	1,287,491	495,895	756,487
8 NETWORK OPER	6,148,276	6,319,264	4,380,880	4,531,543	4,615,811	4,754,088	6,954,206	3,941,882	1,318,328	5,088,841	175,231
9 NETWORK ADM	(21,317,873)	111,581	85,912	75,368	106,018	119,434	(1,116,968)	(51,040)	(18,088)	(175,082)	1,222,781
10 ACCESS	1,769,649	1,199,560	6,983	973,330	1,344,660	(452,243)	1,234,450	920,343	626,561	(1,652,639)	871,863
11 OTHER	887,406	(41,494)	(32,350)	147,320	(10,387)	(41,901)	(38,090)	(65,561)	125,961	(182,028)	3,145
12 TOTAL COST & PRODS	35,610,046	28,128,890	29,113,093	24,009,791	26,992,887	21,078,309	23,130,671	23,937,520	21,994,306	31,605,511	25,999,487
SELL, GEN & ADMIN											
13 CUSTOMER OPERS	20,821,190	16,376,029	14,365,946	14,264,567	16,006,340	16,095,464	16,622,421	15,740,360	15,308,262	24,164,003	17,092,727
14 CORPORATE OPERS	35,012,583	17,347,406	17,757,378	17,769,356	16,308,422	10,871,611	14,570,932	16,209,326	10,370,001	13,914,022	11,934,618
15 PROP & OTH TAXES	9,759,325	5,607,799	5,635,102	2,381,027	3,200,911	3,203,506	8,358,728	9,148,124	5,903,176	8,323,782	5,615,598
16 UNCOLLECTIBLES	4,465,019	2,209,813	3,192,438	2,693,034	2,851,406	2,356,530	2,846,482	2,666,453	2,579,061	2,083,784	1,874,472
17 TOT SELL, GEN & ADM	70,058,117	41,541,047	40,950,864	37,107,983	38,367,079	32,527,110	42,398,563	43,764,264	34,160,499	48,485,591	36,517,416
18 OTH OPR INC & EXP	0	0	0	0	0	42,590	0	0	0	4,418	0
19 DEPR. & AMORT.	35,328,581	37,607,609	37,805,145	38,918,674	38,203,815	38,407,536	38,402,203	38,411,388	38,572,061	38,788,399	38,746,655
20 UNIV SERV FUND	0	(1,294,362)	(1,372,343)	(1,308,464)	(1,308,464)	0	0	0	0	0	0
21 LINK UP AMERICA	1,287	(722)	(514)	(476)	(862)	(601)	(626)	(382)	(176)	(189)	(70)
22 TOTAL OPR EXPS	140,998,031	105,982,463	106,496,245	98,727,509	102,254,454	92,054,944	103,930,811	106,112,789	94,726,690	118,883,729	101,263,488
(L12+17 THRU 21)											
23 INC BEFORE TAXES	(29,501,259)	(978,661)	(4,300,596)	12,269,526	972,276	10,171,391	(801,781)	(4,397,410)	11,279,112	(24,852,692)	(10,134,518)
(L5-L22)											
INCOME TAXES											
24 FEDERAL	(13,084,267)	(1,962,256)	(3,161,926)	2,180,260	(1,667,123)	1,762,884	1,803,200	(3,402,921)	1,730,753	(9,314,317)	(5,445,637)
25 STATE AND LOCAL	(8,595,751)	157,410	134,346	33,443	(56,222)	(120,562)	(15,953)	136,347	425,522	175,773	(1,048,637)
26 NET OPR INCOME	(7,821,241)	826,185	(1,273,016)	10,055,823	2,695,521	8,529,069	(2,589,028)	(1,130,836)	9,122,837	(15,714,148)	(3,640,244)
(L23-L24-L25)											
27 INTEREST EXPENSE	5,732,802	4,800,865	4,830,676	3,726,689	5,484,338	5,847,507	5,813,947	5,821,318	5,752,452	5,753,050	6,208,427
28 NONOPER INC & EXP	10,689,210	2,780,115	2,322,427	1,272,430	3,294,203	2,271,448	118,308,074	374,704	848,103	2,359,839	1,019,206
29 NONOPER INC TAX	(531,599)	(28,242)	(25,213)	(518,639)	(407,544)	224,976	(359,830)	91,532	182,922	255,810	513,325
30 JUR DIFF & NONREG	0	0	0	0	0	0	0	0	0	0	0
31 EXTRA ITEMS	19,989	0	0	0	0	0	0	0	0	0	0
32 NET INCOME	(23,731,644)	(6,726,553)	(8,400,906)	5,575,342	(5,675,376)	185,138	(126,351,219)	(7,416,390)	2,339,359	(24,082,847)	(11,381,202)

SCHEDULE E-2 SUPPORT DETAIL (E2-DE)

Title: Comparative Departmental Income

QWEST CORPORATION

Arizona Intrastate Operations

Date: 6/21/2004 9:27

(In Whole Dollars)

INTRASTATE (1990 Detail)

REVENUES

	200112	200201	200202	200203	200204	200205	200206	200207	200208	200209	200210
1 LOCAL SERVICE	79,567,783	83,221,317	81,018,313	82,390,247	80,310,297	78,171,807	79,506,786	77,286,167	77,113,633	77,169,858	77,234,418
2 ACCESS SERVICE	8,562,215	8,477,444	8,434,413	8,897,410	8,563,334	7,879,018	7,857,016	8,099,871	8,338,977	8,181,573	7,613,316
3 LONG DISTANCE SERV	1,534,373	1,361,225	1,169,452	1,257,438	1,249,945	1,293,500	1,298,905	1,352,720	1,204,877	1,178,115	1,150,439
4 MISCELLANEOUS	8,379,061	1,842,625	3,154,629	6,737,973	4,493,584	5,379,674	4,741,650	5,396,751	11,539,033	(1,123,476)	5,133,844
5 TOTAL REVENUE	98,043,432	94,902,611	93,776,807	99,283,068	94,617,160	92,723,999	93,404,357	92,135,509	98,196,520	85,407,070	91,132,017

EXPENSES

COSTS OF SERV & PRODS

6 MAINTENANCE	41,058,612	16,557,912	22,029,356	15,334,090	18,295,809	13,855,411	13,327,486	16,345,378	16,786,784	24,931,829	20,238,457
7 ENGINEERING	1,662,298	1,518,695	431,260	852,790	279,769	379,606	997,812	667,950	1,285,571	495,198	755,480
8 NETWORK OPER	5,388,155	5,627,061	3,850,504	3,988,990	4,065,639	4,218,197	6,153,385	3,486,238	1,170,730	4,518,809	149,208
9 NETWORK ADM	(21,179,542)	110,875	85,370	74,892	105,350	118,686	(1,109,989)	(50,721)	(17,977)	(173,997)	1,215,267
10 ACCESS	1,769,649	1,199,560	6,983	973,330	1,344,660	(452,243)	1,234,450	920,343	626,561	(1,652,639)	871,863
11 OTHER	873,646	(40,933)	(31,867)	144,690	(10,203)	(41,152)	(37,485)	(64,446)	123,638	(178,644)	3,082
12 TOTAL COST & PRODS	29,572,818	24,973,170	26,371,607	21,368,781	24,081,025	18,076,506	20,565,659	21,304,743	19,975,307	27,940,557	23,233,356

SELL, GEN & ADMIN

13 CUSTOMER OPERS	18,692,753	14,169,134	12,311,501	12,112,582	13,987,554	12,572,431	15,042,921	13,870,372	13,737,672	21,053,863	15,401,056
14 CORPORATE OPERS	32,554,447	16,037,042	16,655,776	17,061,430	15,361,069	9,904,921	13,831,371	12,218,918	12,369,893	13,088,032	11,174,945
15 PROP & OTH TAXES	9,664,110	5,523,512	5,548,078	2,332,235	3,147,527	3,142,077	8,240,313	8,950,000	5,814,306	8,158,562	5,543,754
16 UNCOLLECTIBLES	4,239,595	2,011,643	2,891,267	2,426,626	2,611,383	2,160,624	2,665,598	2,484,138	2,396,268	1,913,611	1,719,626
17 TOT SELL, GEN & ADM	65,150,905	37,741,331	37,406,622	33,932,872	35,107,533	27,780,052	39,780,203	37,523,429	34,318,138	44,214,068	33,839,382
18 OTH OPR INC & EXP	0	0	0	0	0	38,617	0	0	0	4,062	0
19 DEPR. & AMORT.	34,652,041	37,120,471	37,244,869	38,234,794	37,623,075	37,711,541	37,850,997	37,800,013	38,060,077	38,177,155	38,184,373
20 UNIV SERV FUND	0	(1,294,362)	(1,372,343)	(1,308,464)	(1,308,464)	0	0	0	0	0	0
21 LINK UP AMERICA	1,287	(722)	(514)	(476)	(862)	(601)	(626)	(382)	(176)	(189)	(70)
22 TOTAL OPER EXPS	129,377,051	98,539,889	99,650,241	92,227,508	95,502,306	83,608,115	98,196,233	96,627,802	92,353,346	110,335,652	95,257,041
(L12+17 THRU 21)											
23 INC BEFORE TAXES	(31,333,619)	(3,637,278)	(5,873,434)	7,055,561	(885,146)	9,115,884	(4,791,876)	(4,492,293)	5,843,173	(24,928,582)	(4,125,024)

INCOME TAXES

24 FEDERAL	(13,809,240)	(2,799,357)	(3,616,289)	552,045	(2,225,305)	1,438,004	111,136	(3,311,275)	2,911	(9,292,278)	(3,317,580)
25 STATE AND LOCAL	(7,640,606)	(77,421)	(77,244)	(301,313)	(192,987)	(90,122)	(290,795)	(116,583)	(47,822)	(339,947)	(412,790)
26 NET OPER INCOME	(9,883,773)	(760,500)	(2,179,901)	6,804,829	1,533,156	7,768,002	(4,612,217)	(1,064,435)	5,889,084	(15,296,357)	(394,654)
(L23-L24-L25)											
27 INTEREST EXPENSE	5,644,422	4,735,529	4,763,601	3,670,531	5,409,659	5,752,579	5,739,514	5,740,547	5,683,894	5,675,161	6,131,787
28 NONOPER INC & EXP	10,685,279	2,776,741	2,313,485	1,262,464	3,291,839	2,258,244	118,206,504	365,027	857,809	2,411,927	1,002,616
29 NONOPER INC TAX	(515,779)	(40,918)	(93,882)	(529,417)	(418,033)	213,953	(330,628)	82,958	169,848	230,846	509,183
30 JUR DIFF & NONREG		0	0	0	0	0	0	0	0	0	0
31 EXTRA ITEMS	18,708										
32 NET INCOME	(25,716,404)	(8,231,852)	(9,223,105)	2,401,250	(6,750,309)	(456,774)	(128,227,607)	(7,252,967)	(823,468)	(23,614,291)	(8,038,240)
33 DEFERRED INCOME TAX	23,985,352	(1,331,584)	(1,343,608)	(5,452,516)	(1,675,882)	1,619,091	2,797,597	(16,037)	(1,378,146)	(13,467,232)	(1,784,173)
FEDERAL											

SCHEDULE E-2 SUPPORT DETAIL (E2-DE)

Title: Comparative Departmental Income
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34	STATE	200112	200201	200202	200203	200204	200205	200206	200207	200208	200209	200210
35	TOTAL DEFERRED INCOME	(1,634,795) 22,330,557	(443,811) (1,775,395)	(473,171) (1,816,779)	(721,258) (6,173,774)	(547,322) (2,223,204)	(433,600) 1,185,491	(217,941) 2,579,656	(948,155) (864,192)	(600,904) (1,979,050)	(651,936) (14,119,168)	(611,204) (2,395,377)

PART X DETAIL

REVENUES	200,112	200,201	200,202	200,203	200,204	200,205	200,206	200,207	200,208	200,209	200,210
1 LOCAL SERVICE											
2 ACCESS SERVICE											
3 LONG DISTANCE SERV											
4 MISCELLANEOUS											
5 TOTAL REVENUE	13,530,133	10,943,946	9,183,700	11,004,026	9,359,307	10,200,552	10,264,237	10,465,505	8,675,820	9,434,737	28,513
EXPENSES	13,530,133	10,943,946	9,183,700	11,004,026	9,359,307	10,200,552	10,264,237	10,465,505	8,675,820	9,434,737	28,513
COSTS OF SERV & PRODS											
6 MAINTENANCE	6,606,601	2,714,476	2,465,109	2,274,641	2,565,114	2,748,084	2,170,788	2,329,602	1,929,399	3,400,206	2,859,844
7 ENGINEERING	4,196	3,889	543	1,413	463	720	1,581	1,077	1,948	706	1,020
8 NETWORK OPER	822,592	757,978	571,154	582,825	594,083	583,152	854,593	477,437	154,552	600,411	27,034
9 NETWORK ADM	(138,331)	706	542	476	668	748	(6,979)	(319)	(111)	(1,085)	7,514
10 ACCESS											
11 OTHER	15,807	(585)	(508)	2,758	(191)	(802)	(688)	(1,148)	2,420	(3,546)	64
12 TOTAL COST & PRODS	7,310,865	3,476,465	3,036,840	2,862,113	3,160,137	3,331,902	3,019,295	2,806,649	2,088,208	3,996,692	2,895,476
SELL, GEN & ADMIN											
13 CUSTOMER OPERS	2,771,078	2,748,562	2,678,304	2,696,429	2,562,175	4,024,225	2,052,419	2,933,873	2,199,992	3,618,567	2,234,002
14 CORPORATE OPERS	2,843,968	1,518,797	1,355,321	838,044	1,117,491	1,105,798	860,125	4,254,980	(1,857,126)	976,083	883,809
15 PROP & OTH TAXES	200,099	185,764	190,741	132,360	135,702	146,498	231,895	318,903	181,695	276,653	159,160
16 UNCOLLECTIBLES	225,424	198,170	301,171	1,066,518	240,023	195,906	180,884	659,172	182,793	170,177	171,126
17 TOT SELL, GEN & ADM	6,040,569	4,651,293	4,525,537	4,733,351	4,055,391	5,472,427	3,325,323	8,166,628	707,354	5,041,480	3,448,097
18 OTH OPR INC & EXP	0	0	0	0	0	4,822	0	0	0	417	0
19 DEPR. & AMORT.	777,692	549,748	645,048	778,192	662,463	778,018	636,063	733,303	603,813	682,082	640,519
20 UNIV SERV FUND											
21 LINK UP AMERICA											
22 TOTAL OPR EXPS	14,129,126	8,677,506	8,207,425	8,373,656	7,877,991	9,587,169	6,980,681	11,706,580	3,399,375	9,720,671	6,984,092
(L12+17 THRU 21)	(598,993)	2,266,440	976,275	2,630,370	1,481,316	613,383	3,283,556	(1,241,075)	5,276,445	(285,934)	(6,955,579)
23 INC BEFORE TAXES											
(L5-L22)											
INCOME TAXES											
24 FEDERAL	(134,846)	697,456	252,800	807,278	423,401	160,210	1,304,192	(541,062)	1,695,084	(155,638)	(2,441,035)
25 STATE AND LOCAL	(814,138)	197,148	136,259	140,534	107,711	(28,191)	225,244	48,161	457,605	306,672	(773,716)
26 NET OPER INCOME	349,991	1,371,836	587,216	1,682,558	950,204	481,364	1,754,120	(748,174)	3,123,756	(436,968)	(3,740,828)
(L23-L24-L25)											
27 INTEREST EXPENSE	118,759	89,295	92,061	75,572	102,322	125,083	104,359	114,646	98,880	105,788	107,261
28 NONOPER INC & EXP	4,696	4,020	10,681	12,125	2,974	16,169	118,941	11,471	(11,115)	(60,947)	19,794
29 NONOPER INC TAX	(1,644)	17,697	12,589	15,138	14,458	14,881	(32,801)	12,788	17,641	30,328	6,693
30 JUR DIFF & NONREG											
31 EXTRA ITEMS	1,505	0	0	0	0	0	0	0	0	0	0

SCHEDULE E-2 SUPPORT DETAIL (E2-DE)

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QWEST CORPORATION

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(In Whole Dollars)

	200112	200201	200202	200203	200204	200205	200206	200207	200208	200209	200210
32 NET INCOME	226,675	1,260,824	471,885	1,579,723	830,450	325,231	1,563,621	(887,079)	3,018,350	(512,137)	(3,874,576)
	DEC01	JAN02	FEB02	MAR02	APR02	MAY02	JUN02	JUL02	AUG02	SEP02	OCT02
REVENUES											
1 LOCAL SERVICE	0	0	0	0	0	0	0	0	0	0	0
2 ACCESS SERVICE	0	0	0	0	0	0	0	0	0	0	0
3 LONG DISTANCE SERV	0	0	0	0	0	0	0	0	0	0	0
4 MISCELLANEOUS	76,793	842,755	764,858	(709,940)	749,737	698,216	539,564	885,635	866,537	810,770	31,560
5 TOTAL REVENUE	76,793	842,755	764,858	(709,940)	749,737	698,216	539,564	885,635	866,537	810,770	31,560
EXPENSES											
COSTS OF SERV & PRODS											
6 MAINTENANCE	1,209,057	254,962	254,594	180,687	204,363	284,894	400,578	152,104	62,130	311,512	128,320
7 ENGINEERING	62	31	7	16	8	7	16	8	28	9	13
8 NETWORK OPER	62,471	65,776	40,778	40,272	43,911	47,251	53,772	21,793	6,954	20,379	1,011
9 NETWORK ADM	0	0	0	0	0	0	0	0	0	0	0
10 ACCESS	0	0	0	0	0	0	0	0	0	0	0
11 OTHER	2,047	(24)	(25)	128	(7)	(53)	(83)	(33)	97	(162)	1
12 TOTAL COST & PRODS	1,273,637	320,745	295,354	221,103	248,275	332,099	454,283	173,872	69,209	331,738	129,345
SELL, GEN & ADMIN											
13 CUSTOMER OPERS	642,641	541,667	623,859	544,444	543,389	501,192	472,919	1,063,885	629,402	508,427	542,331
14 CORPORATE OPERS	385,832	208,433	253,719	130,118	170,138	139,108	120,564	264,272	142,766	150,093	124,136
15 PROP & OTH TAXES	104,884	101,477	103,717	83,568	82,318	85,069	113,480	120,779	92,825	111,433	87,316
16 UNCOLLECTIBLES	0	0	0	800,110	0	0	0	476,857	0	4	16,280
17 TOT SELL, GEN & ADM	1,133,357	851,577	981,295	1,558,240	795,845	725,369	706,963	1,925,793	864,993	769,957	770,063
18 OTH OPR INC & EXP	0	0	0	0	0	849	0	0	0	61	0
19 DEPR. & AMORT.	101,152	62,610	84,772	94,312	81,723	82,023	84,857	121,928	91,829	70,838	78,237
20 UNIV SERV FUND											
21 LINK UP AMERICA											
22 TOTAL OPR EXPS	2,508,146	1,234,932	1,361,421	1,873,655	1,125,843	1,140,340	1,246,103	2,221,593	1,026,031	1,172,594	977,645
(L12+17 THRU 21)	(2,431,353)	(392,177)	(596,563)	(2,583,595)	(376,106)	(442,124)	(706,539)	(1,335,958)	(159,494)	(361,824)	(946,085)
23 INC BEFORE TAXES											
(L5-L22)											
INCOME TAXES											
24 FEDERAL	(859,819)	(139,645)	(201,563)	(820,937)	(134,781)	(164,670)	(387,872)	(449,416)	(32,758)	(133,599)	(312,978)
25 STATE AND LOCAL	141,007	(37,683)	(75,331)	(194,222)	(29,064)	2,249	(49,598)	(204,769)	(15,739)	(209,048)	(137,869)
26 NET OPER INCOME	(1,712,541)	(214,849)	(319,669)	(1,568,436)	(212,261)	(279,703)	(269,069)	(681,773)	(110,997)	(19,177)	(495,238)
(L23-L24-L25)											
27 INTEREST EXPENSE	30,379	23,959	24,986	19,414	27,643	30,155	29,926	33,875	30,322	27,899	30,621
28 NONOPER INC & EXP	765	646	1,739	2,159	610	2,965	17,371	1,794	(1,409)	(8,859)	3,204
29 NONOPER INC TAX	14,176	5,021	3,920	4,360	3,969	3,858	(3,599)	4,214	4,567	5,364	2,551
30 JUR DIFF & NONREG	0	0	0	0	0	0	0	0	0	0	0
31 EXTRA ITEMS	224	0	0	0	0	0	0	0	0	0	0

SCHEDULE E-2 SUPPORT DETAIL (E2-DE)

Title: Comparative Departmental Income

QWEST CORPORATION

Arizona Intrastate Operations

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(In Whole Dollars)

32 NET INCOME	200112	200201	200202	200203	200204	200205	200206	200207	200208	200209	200210
	(1,758,086)	(244,475)	(350,314)	(1,594,369)	(244,483)	(316,681)	(312,767)	(721,656)	(144,477)	(43,581)	(531,614)

SCHEDULE E-2 SUPPORT DETAIL (E2-DE)

Title: Comparative Departmental Income

QWEST CORPORATION

Arizona Intrastate Operations

Date:

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(In Whole Dollars)

	200211	200212	200301	200302	200303	200304	200305	200306	200307	200308	200309	200310
Total (Intra + JD - DeReg)												
REVENUES												
1 LOCAL SERVICE	75,602,532	78,506,609	73,221,060	73,941,572	75,940,934	72,719,732	71,176,434	69,597,436	69,637,798	68,488,670	70,480,603	66,962,339
2 ACCESS SERVICE	7,299,115	7,989,418	7,181,017	6,703,205	6,336,534	6,545,967	2,973,187	6,763,716	5,986,902	6,269,725	6,213,621	6,636,964
3 LONG DISTANCE SERV	964,984	961,130	1,143,413	959,675	880,281	951,763	932,915	773,864	1,063,462	963,477	900,798	992,807
4 MISCELLANEOUS	8,269,018	14,574,090	15,046,347	17,653,018	13,222,854	14,305,196	13,862,256	14,512,593	14,451,809	14,678,693	14,771,107	14,357,449
5 TOTAL REVENUE	92,134,649	102,031,247	96,591,837	99,257,470	96,380,603	94,522,658	88,944,792	91,647,609	91,139,971	90,400,565	92,366,129	88,949,559
EXPENSES												
COSTS OF SERV & PRODS												
6 MAINTENANCE	27,046,537	13,453,138	23,934,470	19,863,817	18,892,656	17,566,371	19,074,106	18,901,592	21,190,615	19,866,613	20,981,550	22,467,453
7 ENGINEERING	1,148,300	3,785,668	1,208,555	977,829	85,261	588,635	689,038	255,779	305,066	1,004,789	69,780	518,120
8 NETWORK OPER	806,699	15,783,759	4,015,447	439,522	5,421,181	4,515,803	4,155,287	5,596,002	4,034,360	5,637,678	5,437,918	2,987,913
9 NETWORK ADM	118,895	1,088,686	124,310	124,424	121,255	110,858	113,516	101,889	140,365	108,292	102,990	138,739
10 ACCESS	412,849	825,700	1,296,734	374,082	1,567,061	1,163,729	1,054,297	172,832	691,002	785,632	445,601	587,485
11 OTHER	178,900	123,180	77,549	(166,459)	147,293	283,147	(65,534)	(69,071)	116,870	(72,558)	32,868	50,708
12 TOTAL COST & PRODS	29,712,180	35,060,132	30,617,064	21,613,216	26,234,707	24,228,542	25,020,710	24,959,024	26,478,278	27,330,445	27,070,707	26,750,419
SELL, GEN & ADMIN												
13 CUSTOMER OPERS	17,541,278	22,435,098	15,075,012	13,058,401	16,390,644	15,255,785	16,754,397	15,994,445	17,236,273	15,516,290	15,313,255	14,943,886
14 CORPORATE OPERS	28,649,165	(24,044,881)	12,222,684	12,533,607	17,183,769	17,482,454	15,281,714	21,300,301	14,510,115	18,997,321	17,693,584	18,993,207
15 PROP & OTH TAXES	6,014,373	(270,064)	5,341,481	5,154,921	5,285,935	5,295,166	5,297,144	7,368,633	5,503,941	5,486,917	5,344,301	5,496,140
16 UNCOLLECTIBLES	1,890,159	1,163,243	1,896,892	2,331,674	1,800,061	1,469,267	1,340,293	(939,882)	1,606,715	5,609,723	2,480,247	(1,369,936)
17 TOT SELL, GEN & ADM	54,094,975	(716,604)	34,536,070	33,078,602	40,660,408	39,512,672	38,673,547	43,723,497	38,857,045	45,610,251	40,831,387	38,063,297
18 OTH OPR INC & EXP	0	0	8,597	0	0	0	0	0	0	0	(52,185)	7,394
19 DEPR. & AMORT.	39,016,268	38,361,712	39,202,724	38,671,499	38,852,526	38,967,845	38,741,770	38,872,201	38,531,115	38,402,991	38,448,542	38,203,159
20 UNIV SERV FUND	0	0	0	0	0	0	0	0	0	0	0	0
21 LINK UP AMERICA	(51)	(106)	(123)	(173)	(52)	(88)	(273)	(165)	(60)	(126)	(191)	(291)
22 TOTAL OPR EXPS	122,823,371	72,705,134	104,364,333	93,363,144	105,747,590	102,708,971	102,435,754	107,554,557	103,866,378	111,343,561	106,298,259	103,023,977
(L12-L17 THRU 21)												
23 INC BEFORE TAXES	(30,688,722)	29,326,112	(7,772,496)	5,894,326	(9,366,987)	(8,186,313)	(13,490,962)	(15,906,948)	(12,726,407)	(20,942,996)	(13,932,130)	(14,074,419)
(L5-L22)												
INCOME TAXES												
24 FEDERAL	(11,930,546)	21,406,598	(4,488,017)	305,865	(2,566,760)	(4,554,473)	(6,387,825)	(5,398,534)	(6,301,854)	(9,100,674)	(6,815,978)	(6,678,578)
25 STATE AND LOCAL	(1,494,887)	(7,967,410)	(499,044)	(465,893)	(594,741)	(716,046)	(815,755)	(952,835)	(895,705)	(1,228,824)	(935,399)	738,780
26 NET OPR INCOME	(17,263,289)	15,786,925	(2,785,434)	6,054,354	(6,205,486)	(2,915,794)	(6,287,382)	(9,555,579)	(5,528,848)	(10,613,498)	(6,180,752)	(8,134,620)
(L23-L24-L25)												
27 INTEREST EXPENSE	5,566,011	6,076,497	5,561,780	5,515,534	5,657,520	5,510,103	5,459,409	5,858,637	5,958,479	5,949,490	6,042,086	5,987,522
28 NONOPER INC & EXP	1,654,890	(4,605,089)	1,181,761	46,144,105	(39,392,560)	1,628,265	1,362,988	2,842,768	1,854,672	2,228,274	29,666,220	1,750,450
29 NONOPER INC TAX	(2,663)	(1,290,516)	80,557	(16,699,538)	16,168,559	174,875	410,603	(470,883)	201,909	100,400	(159,345)	15,670
30 JUR DIFF & NONREG	0	0	0	0	0	0	0	0	0	0	0	0
31 EXTRA ITEMS	0	0	0	(36,668,856)	36,727,948	0	0	0	0	0	0	0
32 NET INCOME	(24,481,527)	15,606,032	(9,609,533)	7,763,111	(25,366,953)	(10,229,037)	(13,520,382)	(17,786,101)	(13,543,908)	(18,891,662)	(41,729,713)	(15,888,263)

SCHEDULE E-2 SUPPORT DETAIL (E2-DE)

Title: Comparative Departmental Income

OWEST CORPORATION

Arizona Infrastate Operations

Date: 6/21/2004 9:27

(In Whole Dollars)

INTRASTATE (1990 Detail)

	200211	200212	200301	200302	200303	200304	200305	200306	200307	200308	200309	200310
REVENUES												
1 LOCAL SERVICE	75,602,532	78,506,609	73,221,060	73,941,572	75,940,934	72,719,732	71,176,434	69,597,436	69,637,798	68,488,670	70,480,603	66,962,339
2 ACCESS SERVICE	7,299,115	7,989,418	7,181,017	6,703,205	6,336,534	6,545,967	2,973,187	6,763,716	5,986,902	6,269,725	6,213,621	6,636,964
3 LONG DISTANCE SERV	964,984	961,130	1,143,413	959,675	880,281	951,763	932,915	773,864	1,063,462	963,477	900,798	992,807
4 MISCELLANEOUS	5,646,667	7,042,457	7,962,027	10,209,978	4,787,266	6,684,364	6,267,768	7,377,970	6,666,272	7,886,187	7,601,671	7,390,525
5 TOTAL REVENUE	89,513,298	94,499,614	89,507,517	91,814,430	87,945,015	86,901,826	81,350,304	84,512,986	83,354,434	83,608,059	85,196,693	81,982,635
EXPENSES												
COSTS OF SERV & PRODS												
6 MAINTENANCE	23,928,091	10,796,235	20,850,739	16,893,870	16,214,556	15,034,478	16,318,535	16,264,670	18,277,939	17,324,916	18,316,629	19,616,463
7 ENGINEERING	1,147,115	3,779,838	1,207,333	976,614	84,523	587,075	687,926	256,013	304,567	1,004,246	69,695	517,384
8 NETWORK OPER	708,116	14,020,369	3,675,702	(96,704)	4,649,308	3,853,555	3,470,571	5,019,657	3,163,158	4,988,650	4,942,746	2,386,262
9 NETWORK ADM	118,166	1,082,031	123,547	123,661	120,529	110,196	112,841	101,286	139,533	107,659	102,391	137,935
10 ACCESS	412,849	825,700	1,256,734	374,082	1,567,061	1,163,729	1,054,297	172,832	691,002	785,632	445,601	587,485
11 OTHER	175,656	119,404	77,589	(166,058)	141,548	284,005	(65,295)	(68,609)	116,893	(72,557)	32,889	50,813
12 TOTAL COST & PRODS	26,489,993	30,623,578	27,191,643	18,105,466	22,777,525	21,033,037	21,578,875	21,745,850	22,693,092	24,148,545	23,909,951	23,296,343
SELL, GEN & ADMIN												
13 CUSTOMER OPERS	15,543,441	20,271,389	13,510,713	11,555,104	14,692,539	13,333,131	14,205,853	14,098,100	15,405,064	13,619,482	13,344,013	13,606,990
14 CORPORATE OPERS	25,196,976	(21,234,721)	11,466,582	10,584,720	15,349,047	15,522,243	13,603,548	19,221,279	12,913,545	17,188,113	15,818,484	16,088,203
15 PROP & OTH TAXES	5,930,017	(262,365)	5,267,608	5,081,417	5,212,157	5,220,073	5,219,163	7,261,515	5,424,248	5,408,558	5,266,055	5,422,683
16 UNCOLLECTIBLES	1,722,914	982,512	1,746,890	2,170,256	1,667,107	1,368,036	1,251,904	(994,833)	1,500,341	5,404,999	2,342,237	(1,396,684)
17 TOT SELL, GEN & ADM	48,393,348	(243,185)	31,991,794	29,391,496	36,920,849	35,443,483	34,280,467	39,586,061	35,243,199	41,621,152	36,770,789	33,721,192
18 OTH OPR INC & EXP	0	0	7,974	0	0	0	0	0	0	0	(50,452)	7,154
19 DEPR. & AMORT.	38,415,202	37,761,231	38,576,603	38,032,351	38,226,271	38,337,796	38,085,098	38,238,090	37,891,587	37,761,858	37,801,374	37,594,452
20 UNIV SERV FUND	0	0	0	0	0	(88)	0	0	0	0	0	0
21 LINK UP AMERICA	(51)	(106)	(123)	(173)	(52)	(88)	(273)	(165)	(60)	(126)	(191)	(291)
22 TOTAL OPR EXPS	113,298,491	68,141,518	97,767,892	85,529,140	97,924,594	94,814,228	93,944,167	99,569,836	95,827,818	103,531,429	98,431,470	94,618,849
(L12+17 THRU 21)												
23 INC BEFORE TAXES	(23,785,193)	26,358,095	(8,260,375)	6,285,290	(9,979,579)	(7,912,402)	(12,593,863)	(15,056,850)	(12,473,384)	(19,923,370)	(13,234,777)	(12,636,215)
(L5-L22)												
INCOME TAXES												
24 FEDERAL	(9,545,764)	20,864,269	(4,600,828)	480,701	(2,740,807)	(4,401,408)	(6,015,407)	(5,008,272)	(6,162,959)	(8,674,779)	(6,505,013)	(6,046,893)
25 STATE AND LOCAL	(780,462)	(6,395,415)	(532,292)	(429,492)	(630,563)	(692,730)	(742,480)	(867,533)	(857,072)	(1,085,274)	(855,604)	976,017
26 NET OPR INCOME	(13,458,967)	11,889,242	(3,127,254)	6,234,081	(6,608,209)	(2,818,264)	(5,835,976)	(9,181,045)	(5,453,353)	(10,163,317)	(5,874,159)	(7,565,338)
(L23-L24-L25)												
27 INTEREST EXPENSE	5,494,084	5,997,721	5,486,625	5,439,312	5,580,857	5,435,225	5,383,674	5,780,241	5,877,183	5,870,040	5,961,515	5,913,443
28 NONOPER INC & EXP	1,613,918	(4,631,416)	1,175,256	46,111,420	(39,400,896)	1,588,013	1,362,558	2,796,387	1,781,937	2,130,513	29,722,484	1,749,570
29 NONOPER INC TAX	4,068	(1,650,083)	75,487	(16,695,186)	16,150,392	178,363	397,671	(462,762)	215,287	122,211	(330,439)	7,053
30 JUR DIFF & NONREG	0	0	0	(34,327,261)	34,305,675	0	0	0	0	0	0	0
31 EXTRA ITEMS	0	0	0	0	0	0	0	0	0	0	0	0
32 NET INCOME	(20,571,037)	12,173,019	(9,864,623)	5,705,796	(23,244,237)	(10,019,885)	(12,979,879)	(17,294,911)	(13,327,760)	(18,286,081)	(41,227,719)	(15,235,405)
DEFERRED INCOME TAX												
33 FEDERAL	(1,346,523)	5,769,574	(2,165,421)	(2,539,155)	(2,625,282)	(2,615,719)	(2,379,128)	(2,552,316)	(2,471,908)	(2,257,506)	(2,286,655)	(1,929,298)

SCHEDULE E-2 SUPPORT DETAIL (E2-DE)

Title: Comparative Departmental Income

QWEST CORPORATION

Arizona Intrastate Operations

Date: 6/21/2004 9:27

(In Whole Dollars)

200211	200212	200301	200302	200303	200304	200305	200306	200307	200308	200309	200310
(764,160)	(3,118,199)	(597,788)	(653,955)	(714,829)	(734,003)	(740,223)	(832,711)	(807,166)	(940,831)	(848,019)	1,269,783
(2,110,683)	2,651,375	(2,763,209)	(3,193,110)	(3,340,111)	(3,349,722)	(3,119,351)	(3,385,027)	(3,279,076)	(3,198,337)	(3,134,674)	(659,515)

34 STATE

35 TOTAL DEFERRED INCOME

PART X DETAIL

REVENUES

- 1 LOCAL SERVICE
- 2 ACCESS SERVICE
- 3 LONG DISTANCE SERV
- 4 MISCELLANEOUS
- 5 TOTAL REVENUE

EXPENSES

COSTS OF SERV & PRODS

- 6 MAINTENANCE
- 7 ENGINEERING
- 8 NETWORK OPER
- 9 NETWORK ADM
- 10 ACCESS
- 11 OTHER
- 12 TOTAL COST & PRODS

SELL, GEN & ADMIN

- 13 CUSTOMER OPERS
- 14 CORPORATE OPERS
- 15 PROP & OTH TAXES
- 16 UNCOLLECTIBLES
- 17 TOT SELL, GEN & ADM
- 18 OTH OPR INC & EXP
- 19 DEPR. & AMORT.
- 20 UNIV SERV FUND
- 21 LINK UP AMERICA
- 22 TOTAL OPER EXPS
- (L12+17 THRU 21)
- 23 INC BEFORE TAXES
- (L5-L22)

INCOME TAXES

- 24 FEDERAL
- 25 STATE AND LOCAL
- 26 NET OPER INCOME
- (L23-L24-L25)
- 27 INTEREST EXPENSE
- 28 NONOPER INC & EXP
- 29 NONOPER INC TAX
- 30 JUR DIFF & NONREG
- 31 EXTRA ITEMS

SCHEDULE E-2 SUPPORT DETAIL (E2-DE)

Title: Comparative Departmental Income

QWEST CORPORATION

Arizona Intrastate Operations

Date:

6/21/2004 9:27

(In Whole Dollars)

200211 200212 200301 200302 200303 200304 200305 200306 200307 200308 200309 200310

(4,253,587) 2,371,692 (168,087) 2,043,637 (2,342,576) (231,773) (691,066) (1,038,907) (283,315) (947,242) (784,091) (931,258)

32 NET INCOME

Dereg

REVENUES

- 1 LOCAL SERVICE
- 2 ACCESS SERVICE
- 3 LONG DISTANCE SERV
- 4 MISCELLANEOUS
- 5 TOTAL REVENUE

EXPENSES

COSTS OF SERV & PRODS

- 6 MAINTENANCE
- 7 ENGINEERING
- 8 NETWORK OPER
- 9 NETWORK ADM
- 10 ACCESS
- 11 OTHER
- 12 TOTAL COST & PRODS

SELL, GEN & ADMIN

- 13 CUSTOMER OPERS
- 14 CORPORATE OPERS
- 15 PROP & OTH TAXES
- 16 UNCOLLECTIBLES
- 17 TOT SELL, GEN & ADM
- 18 OTH OPR INC & EXP
- 19 DEPR. & AMORT.
- 20 UNIV SERV FUND
- 21 LINK UP AMERICA
- 22 TOTAL OPR EXPS
- 23 INC BEFORE TAXES

INCOME TAXES

- 24 FEDERAL
- 25 STATE AND LOCAL
- 26 NET OPR INCOME
- 27 INTEREST EXPENSE
- 28 NONOPER INC & EXP
- 29 NONOPER INC TAX
- 30 JUR DIFF & NONREG
- 31 EXTRA ITEMS

SCHEDULE E-2 SUPPORT DETAIL (E2-DET)
Title: Comparative Departmental Income
QWEST CORPORATION
Arizona Intrastate Operations
Date: 6/21/2004 9:27
(In Whole Dollars)

32 NET INCOME	200211	200212	200301	200302	200303	200304	200305	200306	200307	200308	200309	200310
	(343,097)	(1,061,321)	(423,177)	(13,678)	(219,860)	(22,621)	(150,563)	(547,717)	(67,167)	(341,661)	(282,097)	(278,400)

SCHEDULE E-2 SUPPORT DETAIL (E2-DET)

Title: Comparative Departmental Income

QWEST CORPORATION

Arizona Intrastate Operations

Date:

6/21/2004 9:27

(In Whole Dollars)

	200311	200312	200101 - 200112	200201 - 200212	200301 - 200312
Total (Intra + JD - DeReg)					
REVENUES					
1 LOCAL SERVICE	67,129,544	63,377,084	1,018,732,171	947,531,984	842,673,206
2 ACCESS SERVICE	6,184,462	4,990,741	115,571,676	97,630,905	72,786,041
3 LONG DISTANCE SERV	821,070	779,542	19,845,210	14,443,730	11,163,067
4 MISCELLANEOUS	14,738,749	14,761,774	185,592,095	154,219,045	176,361,845
5 TOTAL REVENUE	88,873,825	83,909,141	1,339,741,152	1,213,825,664	1,102,984,159
EXPENSES					
COSTS OF SERV & PRODS					
6 MAINTENANCE	19,448,462	11,901,486	295,738,002	241,425,308	234,089,190
7 ENGINEERING	388,108	2,753,927	8,736,152	12,611,317	8,844,887
8 NETWORK OPER	5,615,565	6,007,002	48,669,034	58,680,543	53,863,679
9 NETWORK ADM	118,365	120,396	(1,826,652)	1,567,497	1,425,398
10 ACCESS	443,043	499,470	20,652,443	6,311,417	9,040,968
11 OTHER	(161,840)	224,037	358,135	166,694	397,011
12 TOTAL COST & PRODS	25,851,703	21,506,318	372,327,114	320,762,775	307,661,133
SELL, GEN & ADMIN					
13 CUSTOMER OPERS	12,563,255	20,243,422	197,233,774	206,012,495	188,345,065
14 CORPORATE OPERS	20,804,764	15,056,850	209,580,593	151,657,356	202,070,370
15 PROP & OTH TAXES	5,875,400	5,852,290	53,401,512	63,122,062	67,302,269
16 UNCOLLECTIBLES	1,636,220	1,637,673	31,453,032	28,406,874	19,498,947
17 TOT SELL, GEN & ADM	40,879,640	42,790,235	491,668,910	449,198,788	477,216,651
18 OTH OPR INC & EXP	2,209	0	5,603	47,008	(33,986)
19 DEPR. & AMORT.	38,338,182	38,382,930	428,690,556	461,241,464	463,615,484
20 UNIV SERV FUND	0	0	42,428	(5,283,633)	0
21 LINK UP AMERICA	(240)	(201)	(12,611)	(4,775)	(1,983)
22 TOTAL OPR EXPS	105,071,493	102,679,282	1,292,722,001	1,225,961,628	1,248,457,299
(L12+17 THRU 21)					
23 INC BEFORE TAXES	(16,197,668)	(18,770,140)	47,019,152	(12,135,963)	(145,473,140)
(L5-L22)					
INCOME TAXES					
24 FEDERAL	(7,399,941)	(8,648,090)	(2,628,245)	(8,001,032)	(68,034,860)
25 STATE AND LOCAL	(1,589,355)	(7,473,143)	(4,414,047)	(9,540,830)	(15,427,960)
26 NET OPR INCOME	(7,208,373)	(2,648,907)	54,061,444	5,405,899	(62,010,320)
(L23-L24-L25)					
27 INTEREST EXPENSE	5,937,148	6,463,722	58,582,249	65,681,778	69,901,429
28 NONOPER INC & EXP	2,303,488	11,279,977	35,058,947	131,900,352	62,850,409
29 NONOPER INC TAX	(104,762)	(4,769,702)	(69,134)	(1,364,082)	(5,051,657)
30 JUR DIFF & NONREG	0	0	0	0	0
31 EXTRA ITEMS	0	0	88	0	59,090
32 NET INCOME	(15,344,247)	(15,622,904)	(39,510,707)	(190,812,149)	(189,769,591)

SCHEDULE E-2 SUPPORT DETAIL (E2-DET)

Title: Comparative Departmental Income

QWEST CORPORATION

Arizona Intrastate Operations

Date: 6/21/2004 9:27

(In Whole Dollars)

	200311	200312	200101 - 200112	200201 - 200212	200301 - 200312
	200311	200312			
INTRASTATE (1990 Detail)					
REVENUES					
1 LOCAL SERVICE	67,129,544	63,377,084	1,018,732,171	947,531,984	842,673,206
2 ACCESS SERVICE	6,184,462	4,990,741	115,571,676	97,630,905	72,786,041
3 LONG DISTANCE SERV	821,070	779,542	19,845,210	14,443,730	11,163,067
4 MISCELLANEOUS	8,534,664	5,584,788	69,771,770	59,985,410	86,953,480
5 TOTAL REVENUE	82,669,740	74,732,155	1,223,920,827	1,119,592,029	1,013,575,794
EXPENSES					
COSTS OF SERV & PRODS					
6 MAINTENANCE	16,883,472	9,590,487	260,126,321	212,426,840	201,586,753
7 ENGINEERING	387,835	2,753,196	8,712,293	12,591,085	8,836,407
8 NETWORK OPER	5,006,896	5,394,621	42,826,811	51,957,247	46,464,423
9 NETWORK ADM	117,678	119,704	(1,817,281)	1,557,953	1,416,959
10 ACCESS	443,043	499,470	20,652,443	6,311,417	9,040,968
11 OTHER	(161,407)	220,259	340,654	161,739	390,071
12 TOTAL COST & PRODS	22,677,517	18,577,737	330,841,241	285,006,280	267,735,581
SELL, GEN & ADMIN					
13 CUSTOMER OPERS	10,410,297	17,199,367	169,830,950	180,073,916	164,980,653
14 CORPORATE OPERS	18,212,863	13,869,959	195,414,573	141,665,652	179,838,586
15 PROP & OTH TAXES	5,786,451	5,845,617	52,542,664	62,088,016	66,415,545
16 UNCOLLECTIBLES	1,525,778	1,532,699	29,313,998	25,986,209	18,118,730
17 TOT SELL, GEN & ADM	35,935,390	38,447,642	447,102,184	409,793,794	429,353,514
18 OTH OPR INC & EXP	2,021	0	5,188	42,679	(33,304)
19 DEPR. & AMORT.	37,654,497	37,702,716	421,474,735	454,183,797	455,902,693
20 UNIV SERV FUND	0	0	42,428	(5,283,633)	0
21 LINK UP AMERICA	(240)	(201)	(12,611)	(4,775)	(1,983)
22 TOTAL OPR EXPS	96,269,184	94,727,894	1,199,453,166	1,143,738,143	1,152,956,501
(L12+17 THRU 21)					
23 INC BEFORE TAXES	(13,599,444)	(19,995,738)	24,467,662	(24,146,113)	(139,380,707)
(L5-L22)					

INCOME TAXES					
24 FEDERAL	(6,390,286)	(9,320,591)	(9,470,730)	(11,139,484)	(65,386,543)
25 STATE AND LOCAL	(1,136,689)	(7,268,944)	(5,265,853)	(9,122,911)	(14,122,656)
26 NET OPR INCOME	(6,072,470)	(3,406,203)	39,204,245	(3,883,718)	(59,871,508)
(L23-L24-L25)					
27 INTEREST EXPENSE	5,856,066	6,370,867	57,630,493	64,794,608	68,955,047
28 NONOPER INC & EXP	2,300,474	11,215,541	34,929,022	131,729,160	62,533,258
29 NONOPER INC TAX	(115,092)	(4,757,609)	(150,151)	(1,792,105)	(5,214,604)
30 JUR DIFF & NONREG	0	0	0	0	0
31 EXTRA ITEMS	0	0	(110)	0	(21,586)
32 NET INCOME	(14,113,918)	(16,235,002)	(53,205,010)	(198,615,381)	(186,123,623)
DEFERRED INCOME TAX					
33 FEDERAL	(1,470,850)	(8,753,426)	2,862,284	(17,609,439)	(34,046,664)

SCHEDULE E-2 SUPPORT DETAIL (E2-DE)

Title: Comparative Departmental Income

QWEST CORPORATION

Arizona Intrastate Operations

Date: 6/21/2004 9:27

(In Whole Dollars)

	200311	200312	200101 - 200112	200201 - 200212	200301 - 200312
34 STATE	(861,626)	(1,588,192)	(7,815,187)	(9,431,661)	(8,069,562)
35 TOTAL DEFERRED INCOMI	(2,352,476)	(10,341,518)	(4,952,903)	(27,041,100)	(42,116,226)
PART X DETAIL					
REVENUES	200,311	200,312			
1 LOCAL SERVICE			0	0	0
2 ACCESS SERVICE			0	0	0
3 LONG DISTANCE SERV			0	0	0
4 MISCELLANEOUS	7,042,186	9,400,073	127,637,106	100,930,525	98,020,934
5 TOTAL REVENUE	7,042,186	9,400,073	127,637,106	100,930,525	98,020,934
EXPENSES					
COSTS OF SERV & PRODS					
6 MAINTENANCE	2,754,688	2,454,375	41,084,396	31,694,991	35,371,879
7 ENGINEERING	282	752	24,396	20,492	8,634
8 NETWORK OPER	637,576	631,833	6,310,683	7,157,626	7,839,504
9 NETWORK ADM	687	692	(9,371)	9,544	8,439
10 ACCESS			0	0	0
11 OTHER	(452)	3,891	9,716	5,105	7,240
12 TOTAL COST & PRODS	3,392,781	3,091,543	47,419,820	38,887,758	43,235,696
SELL, GEN & ADMIN					
13 CUSTOMER OPERS	2,640,200	3,346,331	34,973,814	32,508,760	29,639,541
14 CORPORATE OPERS	2,776,034	1,154,010	17,053,078	11,956,399	23,986,941
15 PROP & OTH TAXES	174,363	80,797	2,112,041	2,198,865	1,910,483
16 UNCOLLECTIBLES	132,642	(315,680)	2,149,131	4,333,307	1,270,659
17 TOT SELL, GEN & ADM	5,723,239	4,265,458	56,288,064	50,997,331	56,807,624
18 OTH OPR INC & EXP	218	0	508	5,239	(663)
19 DEPR. & AMORT.	751,283	728,659	8,175,647	8,034,669	8,522,635
20 UNIV SERV FUND			0	0	0
21 LINK UP AMERICA			0	0	0
22 TOTAL OPR EXPS	9,867,521	8,085,660	111,884,039	97,924,997	108,565,292
(L12+17 THRU 21)					
23 INC BEFORE TAXES	(2,825,335)	1,314,413	15,753,067	3,005,528	(10,544,358)
(L5-L22)					
INCOME TAXES					
24 FEDERAL	(1,091,712)	946,268	4,482,937	(961,500)	(4,210,266)
25 STATE AND LOCAL	(563,942)	(438,625)	570,674	73,267	(2,193,803)
26 NET OPR INCOME	(1,169,681)	806,770	10,699,456	3,893,761	(4,140,289)
(L23-L24-L25)					
27 INTEREST EXPENSE	110,565	123,653	1,253,761	1,220,246	1,290,443
28 NONOPER INC & EXP	3,639	66,886	159,147	205,431	352,365
29 NONOPER INC TAX	13,380	(14,847)	143,208	573,687	232,127
30 JUR DIFF & NONREG			0	0	0
31 EXTRA ITEMS	0	0	0	0	0

SCHEDULE E-2 SUPPORT DETAIL (E2-DET)

Title: Comparative Departmental Income

QWEST CORPORATION

Arizona Intrastate Operations

Date: 6/21/2004 9:27

(In Whole Dollars)

	200311	200312	200101 - 200112	200201 - 200212	200301 - 200312
32 NET INCOME	(1,297,265)	631,078	9,143,173	1,894,397	(6,040,865)
REVENUES	NOV03	DEC03			
1 LOCAL SERVICE	0	0	0	0	0
2 ACCESS SERVICE	0	0	0	0	0
3 LONG DISTANCE SERV	0	0	0	0	0
4 MISCELLANEOUS	838,101	223,087	11,816,781	6,696,890	8,612,569
5 TOTAL REVENUE	838,101	223,087	11,816,781	6,696,890	8,612,569
EXPENSES					
COSTS OF SERV & PRODS					
6 MAINTENANCE	189,698	143,376	5,472,715	2,696,523	2,869,442
7 ENGINEERING	9	21	537	260	154
8 NETWORK OPER	28,907	19,452	468,460	434,330	440,248
9 NETWORK ADM	0	0	0	0	0
10 ACCESS	0	0	0	0	0
11 OTHER	(19)	113	(7,765)	150	300
12 TOTAL COST & PRODS	218,595	162,962	5,933,947	3,131,263	3,310,144
SELL, GEN & ADMIN					
13 CUSTOMER OPERS	487,242	302,276	7,570,990	6,570,181	6,275,129
14 CORPORATE OPERS	184,133	(32,881)	2,887,058	1,964,695	1,755,157
15 PROP & OTH TAXES	85,414	74,124	1,253,193	1,144,819	1,023,759
16 UNCOLLECTIBLES	22,200	(420,654)	10,097	1,912,642	(109,558)
17 TOT SELL, GEN & ADM	778,989	(77,135)	11,721,338	11,592,337	8,944,487
18 OTH OPR INC & EXP	30	0	93	910	19
19 DEPR. & AMORT.	67,598	48,445	959,826	977,002	809,844
20 UNIV SERV FUND					
21 LINK UP AMERICA					
22 TOTAL OPR EXPS	1,065,212	134,272	18,615,204	15,701,512	13,064,494
(L12+17 THRU 21)					
23 INC BEFORE TAXES	(227,111)	88,815	(6,798,423)	(9,004,622)	(4,451,925)
(L5-L22)					
INCOME TAXES					
24 FEDERAL	(82,057)	273,767	(2,359,548)	(4,099,952)	(1,561,949)
25 STATE AND LOCAL	(111,276)	(234,426)	(281,132)	491,186	(888,498)
26 NET OPER INCOME	(33,778)	49,474	(4,157,743)	(5,395,856)	(2,001,477)
(L23-L24-L25)					
27 INTEREST EXPENSE	29,483	30,798	302,005	333,076	344,061
28 NONOPER INC & EXP	625	2,450	29,222	34,239	35,214
29 NONOPER INC TAX	3,050	(2,754)	62,191	145,664	69,180
30 JUR DIFF & NONREG	0	0	0	0	0
31 EXTRA ITEMS	0	0	(31)	0	(55,035)

SCHEDULE E-2 SUPPORT DETAIL (E2-DE)
Title: Comparative Departmental Income
QWEST CORPORATION
Arizona Intrastate Operations
Date: 6/21/2004 9:27
(In Whole Dollars)

32 NET INCOME	200312	200101 - 200112	200201 - 200212	200301 - 200312
	18,980	(4,551,130)	(5,908,835)	(2,394,897)

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
\$(000)

Schedule E-3
Title: Comparative Statement of Cash Flows
Date: Jun 21, 2004

	A End of Test Year At Dec 31 2001	B End of Year At Dec 31 2002	C End of Year At Dec 31 2003
OPERATING ACTIVITIES			
1. Net Operating Income	\$54,061	\$5,406	(\$62,010)
Adjustments to Net Operating Income:			
2. Depreciation & Amortization	428,691	461,241	463,615
3. Deferred Income Taxes	(4,953)	(27,041)	(42,116)
4. Cash provided by Operating Activities (L1.L3)	477,799	439,606	359,489
INVESTING ACTIVITIES			
5. Net Construction Expenditures	(468,206)	(208,585)	(198,544)
6. Cash(used for) investing activities (L5)	(468,206)	(208,585)	(198,544)
FINANCING ACTIVITIES			
7. Dividends Paid	39,511	190,812	189,770
8. Net Outside Financing	404,771	23,521	95,189
9. Interest	(58,582)	(65,682)	(69,901)
10. Net Cash Flow (L4+L6+L7+L8+L9)	\$395,293	\$379,672	\$376,002

Recap Schedules:
(a) A-5

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
Comparative Statement of Cash Flows - Backup

		A	B	C
		End of Test Year At	End of Year At	End of Year At
		Dec 31 2001	Dec 31 2002	Dec 31 2003
INVESTING ACTIVITIES				
1	Net Construction Expenditures, Total State	648,507,949	288,909,935	275,001,554
2	Plant in service intrastate factor	72.20%	72.20%	72.20%
3	Net Construction Expenditures, Intrastate	468,205,595	208,585,336	198,543,852
4				
5				
FINANCING ACTIVITIES				
7	Total Debt, Beginning of Period	719,521,916	1,124,292,900	1,147,813,500
8	Total Debt, End of Period	1,124,292,900	1,147,813,500	1,243,002,400
9	Net Outside Financing (Change in Debt)	404,770,984	23,520,600	95,188,900

QWEST CORPORATION
TOTAL COMPANY OPERATIONS
Test Year Ending December 31, 2003
\$(000)

Arizona Corporation Commission

Schedule E-4
**Title: Statement of Change in
Stockholders' Equity**

Date: Jun 21, 2004

	A Common Stock Shares	B Common Stock Amount	C Note Receivable Affiliate	D Retained Earnings	E=B+C+D Common Stockholders Equity
<u>TOTAL COMPANY</u>					
1 Balance, January 1, 2001	1	8,484,000	(286,000)	(3,617,000)	4,581,000
<u>12 Months Ended Dec 31 2001</u>					
3 Net Income				1,407,000	1,407,000
4 Dividends Declared				(1,407,000)	(1,407,000)
6 Miscellaneous Debits & Credits		(2,000)	0	0	(2,000)
7 Balance, December 31, 2001	1	8,482,000	(286,000)	(3,617,000)	4,579,000
<u>12 Months Ended Dec 31 2002</u>					
9 Net Income (Loss)				805,000	805,000
10 Dividends Declared				(805,000)	(805,000)
12 Miscellaneous Debits & Credits		(82,000)	0	0	(82,000)
13 Balance, December 31, 2002	1	8,400,000	(286,000)	(3,617,000)	4,497,000
<u>12 Months Ended Dec 31 2003</u>					
15 Net Income				1,050,000	1,050,000
16 Dividends Declared				(2,306,000)	(2,306,000)
18 Miscellaneous Debits & Credits		(164,000)	0	0	(164,000)
19 Balance, December 31, 2003	1	8,236,000	(286,000)	(4,873,000)	3,077,000
<u>Arizona Intrastate Common Stockholders' Equity</u> (Based on allocated balance sheet amounts)					
20 Balance, December 31, 2001					680,059
21 Balance, December 31, 2002					530,681
22 Balance, December 31, 2003					282,273

Note: Amounts available only in millions. Expressed in thousands on this schedule for integration with other schedules.
Amounts shown on this schedule are for total Qwest Corporation.
Source: Qwest Corporation, SEC Form 10-K.

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
\$(000)

Schedule E-5
Title: Detail of Utility Plant

Date: Jun 21, 2004

Description	A End of Test Year At Dec 31 2003	B 2003 Net Additions & Transfers	C = A + B End of Prior Year Dec 31 2002
TOTAL STATE			
1 2111 - Land	12,813	(268)	13,081
2 2112 - Motor Vehicles	71,269	(1,765)	73,034
3 2113 - Aircraft			
4 2114 - Special Purpose Vehicles	26		26
5 2115 - Garage Work Equipment	1,519	29	1,490
6 2116 - Other Work Equipment	38,319	4,042	34,277
7 2121 - Buildings	238,452	18,099	220,353
8 2122 - Furniture	1,897	62	1,835
9 2123 - Office Equipment	5,913	6	5,907
10 2123 - Company Communication Equipment	2,429	315	2,114
11 2124 - General Purpose Computers	96,514	(90)	96,604
Central Office Equipment			
12 2211 - Analog Switching			
13 2212 - Digital Switching	1,192,379	13,341	1,179,037
14 2220 - Operator Systems	2,534	(1,583)	4,117
15 2231 - Radio Systems	32,937	(98)	33,035
16 2232 - Circuit DDS	1,757,337	35,892	6,190
17 2232 - Circuit Digital			1,673,679
18 2232 - Circuit Analog			41,576
19 Total COE	2,985,186	47,552	2,937,634
20 2311 - Station Apparatus	32,899	3	32,897
21 2321 - Customer Premises Wiring			
22 2341 - Large PBX			
23 2351 - Public Telephone Terminal Equipment	21,555	4,079	17,477
24 2362 - Other Terminal Equipment	61,166	839	60,327
25 2411 - Poles	52,723	1,413	51,310
26 2421 - Aerial Cable - Metallic	198,351	7,158	191,194
27 2421 - Aerial Cable - Non-Metallic	9,484	1,010	8,474
28 2422 - Underground Cable - Metallic	398,394	9,423	388,971
29 2422 - Underground Cable - Non-Metallic	183,141	5,442	177,699
30 2423 - Buried Cable - Metallic	1,645,740	62,429	1,583,311
31 2423 - Buried Cable - Non-Metallic	23,709	1,858	21,851
32 2424 - Submarine Cable - Metallic	3		3
33 2424 - Submarine Cable - Non-Metallic			
34 2426 - Intrabuilding Cable - Metallic	46,456	1,356	45,100
35 2426 - Intrabuilding Cable - Non-Metallic	1,057	129	928
36 2431 - Aerial Cable	10,998	447	10,552
37 2441 - Conduit	451,409	14,432	436,977
38 Total Capital Leases	5,132	(28,119)	33,251
39 Total Leasehold Improvements	32,889	(7)	32,896
40 Total Intangibles	106,910	(4,197)	111,106
41 2001 Total Plant in Service	6,736,354	145,677	6,590,677
INTRASTATE			
42 2001 Plant in Service	4,863,469	96,997	4,766,472
43 Depreciation Reserve	3,023,100	354,200	2,668,899
44 Net Plant in Service	1,840,369	(257,203)	2,097,573
45 Materials & Supplies	18,393	(2,700)	21,093
46 Deferred Income Tax	207,222	(39,445)	246,667
47 Customer Deposits	2,408	(1,780)	4,188
48 Land Development Agreement Deposits	2,023	(462)	2,485
1 Total Rate Base	1,647,109	(218,216)	1,865,326

Supporting Schedules:
E-5 Det

Recap Schedules:
E-1
A-4
B-4

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
Comparative Balance Sheets
Supporting Detail for Schedule E-5

	A	B	C	D
Description	Source	Year Ending Dec 31 2001	Year Ending Dec 31 2002	Test Year Ending December 31, 2003
1 Net Plant in Service	L12-L65+L76-L112- L123-L159	2,018,443	1,865,328	1,647,109
2001 PLANT IN SERVICE				
2 Total State, MR (Average)	2001 ____ A	6,320,525	6,652,129	6,822,959
3 Jurisdictional Difference (Average)	2001 ____ A	(35,008)	(70,638)	(105,106)
4 Intrastate (Average)	2001 ____ A	4,506,994	4,694,379	4,768,512
5 Total State (RIC, Ending)	2001 ____	6,323,120	6,661,748	6,848,171
6 Jurisdictional Difference (RIC, Ending)	2001 ____	(35,942)	(71,072)	(111,817)
7 Part X, (RIC, Ending)	2001 ____	97,291	87,282	105,400
8 Dereg	35 AVG TPIS 2001	26,166	21,741	23,574
9 Total State JR Ending Balance	L5+L6	6,287,179	6,590,677	6,736,354
10 Total State JR Average Balance	L2+L3	6,285,516	6,581,491	6,717,853
11 Intrastate JR	L4/L10xL9	4,508,186	4,700,931	4,781,644
12 Regulated Intrastate	L11+L7-L8	4,579,310	4,766,472	4,863,469

ACCUMULATED DEPRECIATION AND AMORTIZATION				
Accumulated Depreciation				
13 Total State, MR (Average)	3100 ____ A	2,895,662	3,247,105	3,556,846
14 Jurisdictional Difference (Average)	3100 ____ A	134,772	285,076	398,957
15 Intrastate (Average)	3100 ____ A	2,196,451	2,572,382	2,927,147
16 Total State (RIC, Ending)	3100 ____	2,907,645	3,262,363	3,571,766
17 Jurisdictional Difference (RIC, Ending)	3100 ____	139,770	270,538	404,538
18 Part X, (RIC, Ending)	3100 ____	41,727	38,393	47,441
19 Dereg	42 AVG ACCUM DEPR	12,019	9,887	11,641
20 Total State JR Ending Balance	L16+L17	3,047,415	3,532,901	3,976,304
21 Total State JR Average Balance	L13+L14	3,030,434	3,512,182	3,955,803
22 Intrastate JR	L15/L21xL20	2,208,758	2,587,557	2,942,316
23 Regulated Intrastate		2,238,466	2,616,063	2,978,116

Accumulated Amortization - Tangibles				
24 Total State, MR (Average)	3400 ____ A	58,747	56,186	32,503
25 Jurisdictional Difference (Average)				
26 Intrastate (Average)	3400 ____ A	42,704	39,434	21,863
27 Total State (RIC, Ending)	3400 ____	59,588	51,956	31,704
28 Jurisdictional Difference (RIC, Ending)				
29 Part X, (RIC, Ending)	3400 ____	3,668	2,624	2,402
30 Dereg	43 AVG ACCUM AMORT	1,164	804	1,028
31 Total State JR Ending Balance	L27+L28	59,588	51,956	31,704
32 Total State JR Average Balance	L24+L25	58,747	56,186	32,503
33 Intrastate JR	L26/L32xL31	43,315	36,465	21,326
34 Regulated Intrastate	L33+L29-L30	45,819	38,284	22,700

Accumulated Amortization - Intangibles				
35 Total State, MR (Average)	3500 ____ A	35,690	76,311	123,628
36 Jurisdictional Difference (Average)	3500 ____ A	(23,330)	(44,262)	(71,404)
37 Intrastate (Average)	3500 ____ A	1,537	8,224	10,151
38 Total State (RIC, Ending)	3500 ____	37,284	78,299	124,595
39 Jurisdictional Difference (RIC, Ending)	3500 ____	(23,993)	(45,283)	(72,654)
40 Part X, (RIC, Ending)	3500 ____	4,449	5,832	12,542
41 Dereg				
42 Total State JR Ending Balance	L38+L39	13,292	33,016	51,940

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
Comparative Balance Sheets
Supporting Detail for Schedule E-5

	A	B	C	D
Description	Source	Year Ending Dec 31 2001	Year Ending Dec 31 2002	Test Year Ending December 31, 2003
43 Total State JR Average Balance	L35+L36	12,360	32,048	52,222
44 Intrastate JR	L37/L43xL42	1,653	8,472	10,097
45 Regulated Intrastate	L44+L40-L41	6,102	14,304	22,638
Intrastate Average				
46 Accumulated Depreciation	L15	2,196,451	2,572,382	2,927,147
47 Accumulated Amortization - Tangibles	L26	42,704	39,434	21,863
48 Accumulated Amortization - Intangibles	L37	1,537	8,224	10,151
49 TOTAL	Sum L46..L48	2,240,692	2,620,039	2,959,161
Total State MR Ending Balance				
50 Accumulated Depreciation	L13	2,895,662	3,247,105	3,556,846
51 Accumulated Amortization - Tangibles	L24	58,747	56,186	32,503
52 Accumulated Amortization - Intangibles	L35	35,690	76,311	123,626
53 TOTAL	Sum L50..L52	2,990,099	3,379,602	3,712,974
Total State JR Average Balance				
54 Accumulated Depreciation	L21	3,030,434	3,512,182	3,955,803
55 Accumulated Amortization - Tangibles	L32	58,747	56,186	32,503
56 Accumulated Amortization - Intangibles	L43	12,360	32,048	52,222
57 TOTAL	Sum L54..L56	3,101,541	3,600,416	4,040,527
Intrastate JR				
58 Accumulated Depreciation	L49/L57xL20	2,201,589	2,570,908	2,912,126
59 Accumulated Amortization - Tangibles	L49/L57xL31	43,049	37,808	23,219
60 Accumulated Amortization - Intangibles	L49/L57xL42	9,602	24,026	38,040
61 TOTAL	Sum L58..L60	2,254,240	2,632,742	2,973,385
Intrastate Regulated				
62 Accumulated Depreciation	L17+L18-L19	2,231,296	2,599,414	2,947,926
63 Accumulated Amortization - Tangibles	L59+L29-L30	45,553	39,628	24,593
64 Accumulated Amortization - Intangibles	L60+L40-L41	14,051	29,858	50,581
TOTAL ACCUMULATED DEPRECIATION & AMORTIZATION				
65 AMORTIZATION	Sum L62..L64	2,290,900	2,668,899	3,023,100

Materials & Supplies				
66 Total State, MR (Average)	1220 ____ A	31,923	29,076	24,995
67 Jurisdictional Difference (Average)				
68 Intrastate (Average)	1220 ____ A	23,134	20,985	18,107
69 Total State (RIC, Ending)	1220 ____	32,216	28,420	24,896
70 Jurisdictional Difference (RIC, Ending)	1220 ____			
71 Part X, (RIC, Ending)	1220 ____	378	602	370
72 Dereg	41 AVG MATL/SUPPLIES	47	21	12
73 Total State JR Ending Balance	L69+L70	32,216	28,420	24,896
74 Total State JR Average Balance	L66+L67	31,923	29,076	24,995
75 Intrastate JR	L68/L74xL73	23,347	20,512	18,036
76 Regulated Intrastate	L75+L71-L72	23,677	21,093	18,393

DEFERRED INCOME TAXES				
Deferred Income Tax - Current				
77 Total State, MR (Average)	4100 ____ A	(8,879)	1,431	(3,354)
78 Jurisdictional Difference (Average)	4100 ____ A			
79 Intrastate (Average)	4100 ____ A	(6,512)	1,045	(2,445)
80 Total State (RIC, Ending)	4100 ____	(3,568)	(6,778)	(7,493)

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
Comparative Balance Sheets
Supporting Detail for Schedule E-5

	A	B	C	D
Description	Source	Year Ending Dec 31 2001	Year Ending Dec 31 2002	Test Year Ending December 31, 2003
81 Jurisdictional Difference (RIC, Ending)	4100 _____			
82 Part X, (RIC, Ending)	4100 _____	(43)	(71)	(87)
83 Dereg				
84 Total State JR Ending Balance	L80+L81	(3,568)	(6,778)	(7,493)
85 Total State JR Average Balance	L77+L78	(8,879)	1,431	(3,354)
86 Intrastate JR	L79/L85xL84	(2,617)	(4,951)	(5,462)
87 Regulated Intrastate	L86+L82-L83	(2,660)	(5,022)	(5,550)
Deferred Income Tax - NonCurrent				
87 Total State, MR (Average)	4340 _____ A	459,974	496,314	509,626
88 Jurisdictional Difference (Average)	4340 _____ A	(67,470)	(118,304)	(163,132)
89 Intrastate (Average)	4340 _____ A	269,681	244,331	208,479
90 Total State (RIC, Ending)	4340 _____	476,871	502,923	513,131
91 Jurisdictional Difference (RIC, Ending)	4340 _____	(70,416)	(120,386)	(167,552)
92 Part X, (RIC, Ending)	4340 _____	5,802	5,289	5,989
93 Dereg	44 AVG ACCUM DEF TAX	1,679	1,546	1,678
94 Total State JR Ending Balance	L90+L91	406,455	382,537	345,579
95 Total State JR Average Balance	L87+L88	392,504	378,010	346,494
96 Intrastate JR	L89/L95xL94	279,267	247,257	207,928
97 Regulated Intrastate	L96+L92-L93	283,389	251,000	212,239
Intrastate Average				
98 Deferred Income Tax - Current	L69	(6,512)	1,045	(2,445)
99 Deferred Income Tax - NonCurrent	L80	269,681	244,331	208,479
100 TOTAL	Sum L98..L99	263,170	245,376	206,034
Total State MR Ending Balance				
101 Deferred Income Tax - Current	L67	(8,879)	1,431	(3,354)
102 Deferred Income Tax - NonCurrent	L78	459,974	496,314	509,626
103 TOTAL	Sum L101..L102	451,095	497,745	506,273
Total State JR Average Balance				
104 Deferred Income Tax - Current	L75	(8,879)	1,431	(3,354)
105 Deferred Income Tax - NonCurrent	L86	392,504	378,010	346,494
106 TOTAL	Sum L104..L105	383,625	379,441	343,140
Intrastate JR				
107 Deferred Income Tax - Current	L49/L57xL74	(2,448)	(4,383)	(4,499)
108 Deferred Income Tax - NonCurrent	L49/L57xL85	278,831	247,378	207,498
109 TOTAL	Sum L107..L108	276,383	242,995	202,999
Intrastate Regulated				
110 Deferred Income Tax - Current	L71+L72-L73	(2,491)	(4,455)	(4,587)
111 Deferred Income Tax - NonCurrent	L108+L83-L84	282,953	251,121	211,809
112 TOTAL DEFERRED INCOME TAXES	Sum L110..L111	280,462	246,667	207,222

Customer Deposits				
113 Total State, MR (Average)	4040 _____	8,090	5,736	3,299
114 Jurisdictional Difference (Average)				
115 Intrastate (Average)	4040 _____	5,823	4,117	2,363
116 Total State (RIC, Ending)	4040 _____	8,090	5,736	3,299
117 Jurisdictional Difference (RIC, Ending)	4040 _____			
118 Part X, (RIC, Ending)	4040 _____	116	71	45
119 Dereg				

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
Comparative Balance Sheets
Supporting Detail for Schedule E-5

	A	B	C	D
Description	Source	Year Ending Dec 31 2001	Year Ending Dec 31 2002	Test Year Ending December 31, 2003
120 Total State JR Ending Balance	L116+L117	8,090	5,736	3,299
121 Total State JR Average Balance	L113+L114	8,090	5,736	3,299
122 Intrastate JR	L115/L121xL120	5,823	4,117	2,363
123 Regulated Intrastate	L122+L118-L119	5,939	4,188	2,408
Land Development Agreement Deposits				
Land Development Agreement Deposits - Short				
124 Total State, MR (Average)	4360.1 A	2,312	687	163
125 Jurisdictional Difference (Average)	4360.1 A			
126 Intrastate (Average)	4360.1 A	1,692	500	119
127 Total State (RIC, Ending)	4360.1	2,176	684	163
128 Jurisdictional Difference (RIC, Ending)	4360.1			
129 Part X, (RIC, Ending)	4360.1			
130 Dereg				
131 Total State JR Ending Balance	L127+L128	2,176	684	163
132 Total State JR Average Balance	L124+L125	2,312	687	163
133 Intrastate JR	L126/L132xL131	1,592	498	119
134 Regulated Intrastate	L133+L129-L130	1,592	498	119
Land Development Agreement Deposits - Long				
134 Total State, MR (Average)	4360.2 A	7,962	2,741	2,630
135 Jurisdictional Difference (Average)	4360.2 A			
136 Intrastate (Average)	4360.2 A	5,826	1,994	1,911
137 Total State (RIC, Ending)	4360.2	7,724	2,732	2,621
138 Jurisdictional Difference (RIC, Ending)	4360.2			
139 Part X, (RIC, Ending)	4360.2			
140 Dereg				
141 Total State JR Ending Balance	L137+L138	7,724	2,732	2,621
142 Total State JR Average Balance	L134+L135	7,962	2,741	2,630
143 Intrastate JR	L136/L142xL141	5,652	1,988	1,905
144 Regulated Intrastate	L143+L139-L140	5,652	1,988	1,905
Intrastate Average				
145 Land Development Agreement Dep - Short	L116	1,692	500	119
146 Land Development Agreement Dep - Long	L127	5,826	1,994	1,911
147 TOTAL	Sum L145..L146	7,518	2,494	2,030
Total State MR Ending Balance				
148 Land Development Agreement Dep - Short	L114	2,312	687	163
149 Land Development Agreement Dep - Long	L125	7,962	2,741	2,630
150 TOTAL	Sum L148..L149	10,274	3,428	2,793
Total State JR Average Balance				
151 Land Development Agreement Dep - Short	L122	2,312	687	163
152 Land Development Agreement Dep - Long	L133	7,962	2,741	2,630
153 TOTAL	Sum L151..L152	10,274	3,428	2,793
Intrastate JR				
154 Land Development Agreement Dep - Short	L49/L57xL121	1,592	498	119
155 Land Development Agreement Dep - Long	L49/L57xL132	5,652	1,988	1,905
156 TOTAL	Sum L154..L155	7,244	2,485	2,023
Intrastate Regulated				
157 Land Development Agreement Dep - Short	L118+L119-L120	1,592	498	119

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
Comparative Balance Sheets
Supporting Detail for Schedule E-5

		A	B	C	D
			Year Ending Dec	Year Ending Dec	Test Year Ending
			31 2001	31 2002	December 31, 2003
Description	Source				
158 Land Development Agreement Dep - Long	L155+L130-L131		5,652	1,988	1,905
TOTAL LAND DEVELOPMENT AGREEMENT					
159 DEPOSITS	Sum L157, L158		7,244	2,485	2,023

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
\$(000)

Schedule E-6

**Title: Comparative Departmental Operating
Income Statements**

Date: Jun 21, 2004

Description	A End of Year At Dec 31 2001	B End of Year At Dec 31 2002	C End of Test Year At Dec 31 2003
BASIC LOCAL SERVICES REVENUE			
1 5001 Basic Area Revenue	747,501	679,929	614,987
2 5002 Optional Extended Area	(2)	0	0
3 5003 Cellular Mobile Services	0	0	0
4 5004 Other Mobile Services	1	1	1
5 5010 Public Telephone	0	0	0
6 5040 Local Private Line	1	1	1
7 5050 Customer Premises	119	95	75
8 5060 Other Local Exchange	271,112	267,506	227,609
9 5069 Settlements	0	0	0
10 TOTAL BASIC LOCAL SERVICES	1,018,732	947,532	842,673
NETWORK ACCESS SERVICE REVENUE	0	0	0
11 5081 End User *	0	0	0
12 5082 Switched Access *	0	0	0
13 5083 Special Access *	0	0	0
14 5084 State Access	115,572	97,631	72,786
15 TOTAL NETWORK ACCESS SERVICE REVENUE	115,572	97,631	72,786
LONG DISTANCE NETWORK			
16 5100 Long Distance Message	17,678	12,974	9,852
17 5110 Unidirectional Lng Distance	2,162	1,466	1,306
18 5120 Long Distance Pvt Network	5	4	5
19 5160 Other Long Distance	0	0	0
20 TOTAL LONG DISTANCE NETWORK	19,845	14,444	11,163
MISCELLANEOUS REVENUE			
21 5230 Directory	17,399	16,601	16,040
22 5240 Rent	12,605	1,923	33,389
23 5250 Corporate Operations	(3,839)	10,304	12,568
24 5260 Miscellaneous	34,911	24,856	19,627
25 5280 Other Nonregulated	115,820	94,234	89,408
26 5270 Carrier Billing & Collection	8,696	6,301	5,330
27 TOTAL MISCELLANEOUS REVENUE	185,592	154,219	176,362
28 TOTAL REVENUE	1,339,741	1,213,826	1,102,984
29 TOTAL OPERATING EXPENSES & TAXES	1,285,680	1,208,420	1,164,994
30 NET OPERATING INCOME (L.28-L.29)	54,061	5,406	(62,010)

Supporting Schedules: None
Note: Schedule E-6 is prepared
Note: Schedule E-6

Recap Schedules:
E-2
* Interstate Accounts

SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona Intrastate Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)

Jun 21, 2004

Date:

	200101	200102	200103	200104	200105	200106	200107	200108	200109	200110	200111
BASIC LOCAL SERVICES REVENUE											
1 5001 Basic Area Revenue	63,061,205	62,722,269	64,374,615	62,289,279	63,086,140	62,127,893	62,188,687	61,185,263	58,820,196	60,239,967	67,984,569
2 5002 Optional Extended Area	-	2	5	5	(1,201)	(538)	5	5	5	5	5
3 5003 Cellular Mobile Services	-	-	-	-	-	-	-	-	-	-	-
4 5004 Other Mobile Services	-	134	69	69	69	69	69	69	69	69	69
5 5010 Public Telephone	-	-	-	-	-	-	-	-	-	-	-
6 5040 Local Private Line	178	94	51	51	51	51	51	51	51	51	51
7 5050 Customer Premises	-	13,402	8,187	11,991	8,575	16,004	8,491	6,726	17,990	12,856	9,266
8 5060 Other Local Exchange	22,124,724	22,443,636	22,561,193	23,049,194	23,844,395	22,325,763	22,489,711	23,330,533	22,793,699	23,163,942	22,860,416
9 5069 Settlements	-	-	-	-	-	-	-	-	-	-	-
10 TOTAL BASIC LOCAL SERVICES	85,185,134	85,179,537	86,944,120	85,350,589	86,938,029	84,469,042	84,667,014	84,526,647	81,632,010	83,416,890	90,854,376
NETWORK ACCESS SERVICE REVENUE											
11 5081 End User *	-	-	-	-	-	-	-	-	-	-	-
12 5082 Switched Access *	-	-	-	-	-	-	-	-	-	-	-
13 5083 Special Access *	-	-	-	-	-	-	-	-	-	-	-
14 5084 State Access	10,714,610	9,707,036	10,621,226	9,819,606	9,226,445	9,309,489	9,811,303	10,121,476	9,560,584	9,540,416	8,577,270
15 TOTAL NETWORK ACCESS SERVICE REVENUE	10,714,610	9,707,036	10,621,226	9,819,606	9,226,445	9,309,489	9,811,303	10,121,476	9,560,584	9,540,416	8,577,270
LONG DISTANCE NETWORK											
16 5100 Long Distance Message	1,376,436	1,385,040	1,596,588	1,420,628	1,482,440	1,459,668	1,782,204	1,445,080	1,483,645	1,556,013	1,278,193
17 5110 Unidirectional Lng Distance	226,064	188,596	244,280	215,396	208,574	210,377	240,682	148,135	98,776	118,105	130,389
18 5120 Long Distance Pvt Network	399	448	409	409	409	409	409	409	409	409	409
19 5160 Other Long Distance	-	-	-	-	-	-	-	-	-	-	-
20 TOTAL LONG DISTANCE NETWORK	1,602,899	1,584,084	1,841,277	1,636,433	1,692,423	1,670,454	2,023,295	1,593,624	1,582,830	1,674,527	1,408,991
MISCELLANEOUS REVENUE											
21 5230 Directory	1,476,931	1,466,783	1,469,286	1,454,494	1,471,387	1,490,302	1,424,239	1,439,314	1,397,006	1,420,175	1,473,393
22 5240 Rent	(1,584,555)	1,088,922	610,451	1,348,941	412,327	1,980,173	673,872	1,582,708	1,316,658	(2,173,382)	(134,661)
23 5250 Corporate Operations	(143,549)	(14,767)	2,946,098	789,103	1,010,184	(825,698)	280,095	267,600	1,578,829	473,472	(5,575,476)
24 5260 Miscellaneous	1,789,596	2,639,579	2,158,758	1,620,322	2,240,589	2,475,487	6,217,290	2,603,427	3,878,911	2,795,970	3,077,313
25 5280 Other Nonregulated	8,330,301	8,285,335	12,425,864	8,067,643	8,080,747	11,796,491	10,504,325	8,534,927	9,080,269	8,144,244	9,116,343
26 5270 Carrier Billing & Collection	490,182	704,444	1,216,745	582,932	692,911	939,856	640,585	805,420	904,978	498,768	538,484
27 TOTAL MISCELLANEOUS REVENUE	10,358,906	14,170,296	20,827,202	13,873,435	13,908,145	17,856,612	19,720,406	15,233,395	18,156,651	11,159,247	8,495,396
28 TOTAL REVENUE	107,862,549	110,640,953	120,233,825	110,680,063	111,765,042	113,305,597	116,222,018	111,475,142	110,932,075	105,791,080	109,336,033
29 TOTAL OPERATING EXPENSES & TAXES	109,100,088	104,813,490	112,181,566	105,886,654	108,096,879	99,947,023	105,055,856	105,573,629	98,920,402	106,225,155	104,560,952
30 NET OPERATING INCOME	(1,237,539)	5,827,462	8,052,259	4,793,409	3,668,164	13,358,574	11,166,162	1,901,513	12,011,673	(2,434,075)	4,775,081
(L28-L29)											

SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona Intrastate Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)
Date: Jun 21, 2004

	200101	200102	200103	200104	200105	200106	200107	200108	200109	200110	200111
INTRASTATE MR RESULTS											
BASIC LOCAL SERVICES REVENUE											
1 5001 Basic Area Revenue	63,061,205	62,722,269	64,374,615	62,289,279	63,086,140	62,127,693	62,168,687	61,189,263	58,820,196	60,239,967	67,984,569
2 5002 Optional Extended Area	-	2	5	5	(1,201)	(538)	5	5	5	5	5
3 5003 Cellular Mobile Services											
4 5004 Other Mobile Services	27	134	69	69	69	69	69	69	69	69	69
5 5010 Public Telephone											
6 5040 Local Private Line	178	94	51	51	51	51	51	51	51	51	51
7 5050 Customer Premises	-	13,402	8,187	11,981	8,575	16,004	8,491	6,726	17,990	12,856	9,266
8 5060 Other Local Exchange	22,124,724	22,443,636	22,561,193	23,049,194	23,844,395	22,325,763	22,489,711	23,330,533	22,793,699	23,163,942	22,860,416
9 5069 Settlements											
10 TOTAL BASIC LOCAL SERVICES	85,186,134	85,179,537	86,944,120	85,350,569	86,938,029	84,469,042	84,667,014	84,526,647	81,632,010	83,416,890	90,854,376
NETWORK ACCESS SERVICE REVENUE											
11 5081 End User *	-	-	-	-	-	-	-	-	-	-	-
12 5082 Switched Access *	-	-	-	-	-	-	-	-	-	-	-
13 5083 Special Access *	-	-	-	-	-	-	-	-	-	-	-
14 5084 State Access	10,714,610	9,707,036	10,621,226	9,819,606	9,226,445	9,309,489	9,811,303	10,121,476	9,560,584	9,540,416	8,577,270
15 TOTAL NETWORK ACCESS SERVICE REVENUE	10,714,610	9,707,036	10,621,226	9,819,606	9,226,445	9,309,489	9,811,303	10,121,476	9,560,584	9,540,416	8,577,270
LONG DISTANCE NETWORK											
16 5100 Long Distance Message	1,376,436	1,385,040	1,596,588	1,420,628	1,482,440	1,459,668	1,782,204	1,445,080	1,483,645	1,556,013	1,278,183
17 5110 Unidirectional Lng Distance	226,064	198,596	244,280	215,396	209,574	210,377	240,682	148,135	98,776	118,105	130,389
18 5120 Long Distance Pxt Network	399	448	409	409	409	409	409	409	409	409	409
19 5160 Other Long Distance	-	-	-	-	-	-	-	-	-	-	-
20 TOTAL LONG DISTANCE NETWORK	1,602,899	1,584,084	1,841,277	1,636,433	1,692,423	1,670,454	2,023,295	1,593,624	1,582,830	1,674,527	1,408,991
MISCELLANEOUS REVENUE											
21 5230 Directory	1,476,931	1,466,783	1,469,286	1,454,484	1,471,387	1,490,302	1,424,239	1,439,314	1,397,006	1,420,175	1,473,393
22 5240 Rent	(1,584,555)	1,088,922	610,451	1,348,941	412,327	1,980,173	673,872	1,582,708	1,316,658	(2,173,382)	(134,661)
23 5250 Corporate Operations	(143,549)	(14,767)	2,946,098	789,103	1,010,184	(825,698)	260,095	267,600	1,578,829	473,472	(5,575,476)
24 5260 Miscellaneous	1,789,596	2,639,579	2,168,758	1,620,322	2,240,589	2,475,487	6,217,290	2,603,427	3,878,911	2,795,970	3,077,313
25 5280 Other Nonregulated	(1)	1	1	-	2	(1)	(2)	2	(3,811)	3,313	2
26 5270 Carrier Billing & Collection	490,182	704,444	1,216,745	592,932	692,911	939,856	640,585	805,420	904,978	498,768	538,484
27 TOTAL MISCELLANEOUS REVENUE	2,028,604	5,884,962	8,401,339	5,805,792	5,827,400	6,060,120	9,216,079	6,698,470	9,072,571	3,018,316	(620,845)
28 TOTAL REVENUE	99,532,247	102,355,619	107,807,962	102,612,420	103,684,297	101,509,105	105,717,691	102,940,217	101,847,995	97,650,149	100,219,692
29 TOTAL OPERATING EXPENSES & TAXES	101,453,825	97,558,413	103,105,093	98,445,889	100,802,498	90,514,905	95,823,431	101,272,338	92,752,116	99,207,319	95,853,551

SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona Intrastate Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)

Date: Jun 21, 2004

	200101	200102	200103	200104	200105	200106	200107	200108	200109	200110	200111
30 NET OPERATING INCOME (L-28-L-29)	(1,921,578)	4,797,205	4,702,869	4,166,531	2,881,900	10,984,200	9,894,260	1,667,879	9,095,879	(1,557,170)	4,366,141
5100 Long Distance Message											
LD Msg Rev Interstate	1,021,803	909,493	1,235,541	1,103,681	1,129,372	1,147,827	1,408,156	1,106,098	1,150,155	1,206,573	1,006,469
LD Msg Rev Intrastate	353,337	486,053	357,359	313,793	348,049	306,172	365,297	333,486	332,272	346,164	271,446
LD Msg Rev Interstate Toll Calling Plan											
LD Msg Rev Resale Interstate	1,296	(20,506)	3,688	3,154	5,019	5,669	8,751	5,496	1,218	3,276	278
LD Msg Rev Resale Intrastate	1,376,436	1,385,040	1,596,588	1,420,628	1,482,440	1,459,668	1,782,204	1,445,080	1,483,645	1,556,013	1,278,193
Total Long Distance Message											
5110 Unidirectional Long Distance											
5111.1	67,643	(109,367)	44,198	14,465	42,419	31,547	36,211	39,274	39,555	36,095	38,228
5111.2											
5111.3											
5111.4	-	85,176	32,442	40,512	32,457	34,555	45,696	40,090	37,979	42,378	38,911
5111.51											
5111.52	41	131	3	112	669	69	129	45	79	22	163
5112.1											
5112.2	21,967	(18,707)	5,135	58,164	12,317	25,225	22,198	22,240	26,724	19,776	22,460
5112.3											
5112.4	134,989	240,028	161,169	100,961	120,553	118,086	134,964	45,160	(6,915)	19,029	28,016
5112.5	1,405	1,305	1,328	1,164	1,150	900	1,484	1,325	1,354	805	1,611
5112.61											
5112.62	19	32	5	18	9	(5)	-	1	-	-	-
Total Unidirectional Long Distance	226,064	198,596	244,280	215,396	209,574	210,377	240,682	148,135	98,776	118,105	130,389
5120 Long Distance Pvt Network											
5120.1	399	448	409	409	409	409	409	409	409	409	409
5120.2	399	448	409	409	409	409	409	409	409	409	409
Total 5120 Long Distance Pvt Network											
5160 Other Long Distance											
5160.1											
5160.2											
5169.1											
5169.2											
Total 5160 Other Long Distance											
5280 Other Nonregulated											
5280.1	(1)	-	(1)	-	1	(1)	-	-	-	1	1
5280.2	-	-	1	(1)	(1)	(1)	(1)	-	(500)	-	-
5280.3	-	-	1	1	1	1	-	1	-	1	1

SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona Intrastate Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)

Date: Jun 21, 2004

5280.5 _____	200101	200102	200103	200104	200105	200106	200107	200108	200109	200110	200111
5280.9 _____	-	1	-	-	1	-	(1)	-	(3,311)	3,311	-
Total 5280 Other Nonregulated	(1)	1	1	-	2	(1)	(2)	2	(3,811)	3,313	2
OPERATING EXPENSES & TAXES											
Federal Income Taxes	(3,505,171)	5,440,300	(1,803,840)	(63,957)	(899,750)	4,230,315	2,807,223	(1,586,455)	2,905,834	(3,435,282)	249,292
State and Local Income Taxes	(339,624)	1,001,050	(343,260)	(269,029)	(135,970)	708,308	581,947	75,297	840,058	171,981	83,965
Total Operating Expense	105,298,620	91,117,064	105,252,193	98,778,874	101,838,217	85,576,281	92,434,261	102,783,466	89,006,224	102,470,620	95,520,264
Total Operating Expense & Taxes	101,453,825	97,558,413	103,105,083	98,445,889	100,802,498	90,514,905	95,823,431	101,272,338	92,752,116	99,207,319	95,853,551

PART X

25 5280 Other Nonregulated	200101	200102	200103	200104	200105	200106	200107	200108	200109	200110	200111
26 5270 Carrier Billing & Collection	9,366,370	9,445,889	13,508,048	9,240,329	9,214,055	13,129,919	11,738,094	9,348,708	10,229,909	8,893,168	9,992,484
27 TOTAL MISCELLANEOUS REVENUE	9,366,370	9,445,889	13,508,048	9,240,329	9,214,055	13,129,919	11,738,094	9,348,708	10,229,909	8,893,168	9,992,484
28 TOTAL REVENUE	9,366,370	9,445,889	13,508,048	9,240,329	9,214,055	13,129,919	11,738,094	9,348,708	10,229,909	8,893,168	9,992,484
29 TOTAL OPERATING EXPENSES & TAXES	9,110,572	8,445,645	10,178,217	8,845,928	8,520,408	11,159,507	10,424,757	9,604,109	7,164,327	10,096,714	10,207,324
30 NET OPERATING INCOME (L.28-L.29)	255,798	1,000,244	3,329,831	394,401	693,647	1,970,412	1,313,337	(255,401)	3,065,582	(1,203,546)	(214,840)

OPERATING EXPENSES & TAXES

Federal Income Taxes	48,469	459,016	1,462,888	173,781	314,377	1,047,142	629,166	(209,347)	1,628,665	(736,432)	(199,942)
State and Local Income Taxes	39,779	147,422	501,162	(13,597)	90,523	319,319	185,067	(69,197)	448,723	(178,032)	(86,377)
Total Operating Expense	9,022,324	7,839,207	8,214,167	8,685,744	8,115,508	9,793,046	9,610,504	9,882,653	5,086,939	11,011,178	10,493,643
Total Operating Expense & Taxes	9,110,572	8,445,645	10,178,217	8,845,928	8,520,408	11,159,507	10,424,757	9,604,109	7,164,327	10,096,714	10,207,324

5280 Other Nonregulated

5280.1 _____	3,528,260	3,444,087	3,475,448	3,554,983	2,829,153	4,224,115	3,531,897	3,540,543	3,462,370	3,566,224	3,535,880
5280.2 _____	7,468,884	7,500,523	7,563,635	7,596,620	7,895,019	9,511,844	8,651,887	8,053,581	8,128,606	7,606,375	8,026,683
5280.3 _____	(2,372,780)	(2,391,922)	(2,468,599)	(2,574,589)	(2,012,920)	(3,295,064)	(2,782,326)	(2,707,853)	(2,567,726)	(2,653,949)	(2,559,816)
5280.5 _____	750,181	963,654	290,931	722,490	714,023	1,080,840	284,984	109,462	207,443	191,444	203,477
5280.9 _____	(8,175)	(70,453)	4,646,633	(59,175)	(201,220)	1,608,184	1,851,852	352,975	999,216	183,074	786,260
Total 5280 Other Nonregulated	9,366,370	9,445,889	13,508,048	9,240,329	9,214,055	13,129,919	11,738,094	9,348,708	10,229,909	8,893,168	9,992,484

DEREG

5280 Other Nonregulated

6 MISCELLANEOUS	-36,176	-40,181	-26,201	-41,504	-40,225	-33,213	-32,201	-26,668	-34,315	-25,914	-26,862
6A ACCT 5280.1	0	0	0	0	0	0	0	0	0	0	0
6B ACCT 5280.2	1,877,336	2,022,595	1,911,276	2,023,730	1,982,616	2,166,418	2,064,445	1,673,197	1,978,897	1,565,429	1,692,373
6C ACCT 5280.3	-805,092	-821,859	-802,890	-809,540	-809,081	-799,778	-798,477	-832,746	-798,753	-787,278	-789,368

SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona Intrastate Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)

Date: Jun 21, 2004

	200101	200102	200103	200104	200105	200106	200107	200108	200109	200110	200111
6D ACCT 5280.5	0	0	0	0	0	0	0	0	0	0	0
6E ACCT 5280.6	0	0	0	0	0	0	0	0	0	0	0
Total 5280 Other Nonregulated	1,036,068	1,160,555	1,082,185	1,172,686	1,133,310	1,333,427	1,233,767	813,783	1,145,829	752,237	876,143
OPERATING EXPENSES & TAXES											
Federal Income Taxes	-258,316	-25,034	9,730	-138,089	-70,713	-242,639	1,941	-279,579	49,337	-192,905	-353,462
State and Local Income Taxes	-145,359	49,814	4,392	-31,808	-18,855	-72,080	2,709	-78,964	20,921	-60,822	-92,087
Total Operating Expense	1,867,984	1,165,788	1,087,622	1,575,060	1,315,595	2,042,108	1,187,682	1,661,361	925,783	1,332,605	1,945,472
Total Operating Expense & Taxes	1,464,309	1,190,568	1,101,744	1,405,163	1,226,027	1,727,389	1,192,332	1,302,818	996,041	1,078,878	1,499,923

SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona Intrastate Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)
Date:

Jun 21, 2004

	200112	200201	200202	200203	200204	200205	200206	200207	200208	200209	200210
BASIC LOCAL SERVICES REVENUE											
1 5001 Basic Area Revenue	59,436,642	60,535,586	58,870,268	58,144,338	57,315,887	55,715,358	55,375,897	55,844,718	55,754,560	55,598,613	55,484,192
2 5002 Optional Extended Area	5	5	5	5	5	5	5	5	5	5	5
3 5003 Cellular Mobile Services	-	-	-	-	-	-	-	-	-	-	-
4 5004 Other Mobile Services	69	69	69	69	69	69	69	69	69	69	69
5 5010 Public Telephone	-	-	-	-	-	-	-	-	-	-	-
6 5040 Local Private Line	51	51	51	51	51	51	51	51	51	51	51
7 5050 Customer Premises	5,826	10,378	7,553	6,464	4,733	8,273	9,658	5,922	6,460	8,392	8,442
8 5060 Other Local Exchange	20,125,190	22,675,228	22,140,367	24,239,320	22,989,552	22,448,051	24,120,106	21,435,402	21,352,488	21,562,728	21,741,659
9 5069 Settlements	-	-	-	-	-	-	-	-	-	-	-
10 TOTAL BASIC LOCAL SERVICES	79,567,783	83,221,317	81,018,313	82,390,247	80,310,297	78,171,807	79,506,786	77,286,167	77,113,633	77,169,858	77,234,418
NETWORK ACCESS SERVICE REVENUE											
11 5081 End User *	-	-	-	-	-	-	-	-	-	-	-
12 5082 Switched Access *	-	-	-	-	-	-	-	-	-	-	-
13 5083 Special Access *	-	-	-	-	-	-	-	-	-	-	-
14 5084 State Access	8,562,215	8,477,444	8,434,413	8,897,410	8,563,334	7,879,018	7,857,016	8,099,871	8,338,977	8,181,573	7,613,316
15 TOTAL NETWORK ACCESS SERVICE REVENUE	8,562,215	8,477,444	8,434,413	8,897,410	8,563,334	7,879,018	7,857,016	8,099,871	8,338,977	8,181,573	7,613,316
LONG DISTANCE NETWORK											
16 5100 Long Distance Message	1,412,102	1,225,693	1,034,953	1,141,435	1,131,198	1,165,240	1,180,657	1,230,393	1,067,975	1,048,869	1,028,723
17 5110 Unidirectional Long Distance	121,862	135,123	134,090	115,594	118,338	127,851	117,839	121,918	116,493	129,837	121,307
18 5120 Long Distance Pvt Network	409	409	409	409	409	409	409	409	409	409	409
19 5160 Other Long Distance	-	-	-	-	-	-	-	-	-	-	-
20 TOTAL LONG DISTANCE NETWORK	1,534,373	1,361,225	1,169,452	1,257,438	1,249,945	1,293,500	1,298,905	1,352,720	1,204,877	1,179,115	1,150,439
MISCELLANEOUS REVENUE											
21 5230 Directory	1,415,750	1,373,683	1,395,821	1,381,696	1,349,836	1,257,469	972,364	1,589,554	1,573,662	1,284,900	1,692,295
22 5240 Rent	7,483,220	(2,783,125)	310,238	64,591	253,660	259,121	381,081	500,225	198,738	386,120	862,991
23 5250 Corporate Operations	(4,604,495)	470,674	400,606	1,180,750	381,235	337,662	1,300,189	374,586	7,567,801	(5,144,913)	827,916
24 5260 Miscellaneous	3,413,719	2,239,416	445,686	3,513,208	1,943,377	2,857,745	1,514,993	2,401,294	1,621,716	1,974,890	1,605,901
25 5280 Other Nonregulated	13,453,840	10,041,902	8,418,775	11,773,253	8,609,438	9,502,300	9,724,910	9,579,870	7,809,284	8,623,965	(3,142)
26 5270 Carrier Billing & Collection	670,365	571,264	602,346	538,443	565,608	667,713	572,786	531,092	577,115	375,529	144,836
27 TOTAL MISCELLANEOUS REVENUE	21,832,400	11,943,815	11,573,472	18,451,940	13,103,154	14,882,009	14,466,323	14,976,621	19,348,316	7,500,491	5,130,797
28 TOTAL REVENUE	111,496,771	105,003,801	102,195,650	110,997,035	103,226,730	102,226,334	103,129,030	101,716,379	106,005,803	94,031,037	91,128,970
29 TOTAL OPERATING EXPENSES & TAXES	119,318,012	104,177,615	103,468,664	100,941,211	100,531,108	93,697,266	105,718,058	102,846,215	96,882,965	109,745,185	94,769,213
30 NET OPERATING INCOME	(7,821,241)	826,185	(1,273,014)	10,055,824	2,695,622	8,529,069	(2,589,028)	(1,130,836)	9,122,838	(15,714,148)	(3,640,243)
(L-28-L-29)											

SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona Intrastate Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)
Date: Jun 21, 2004

	200112	200201	200202	200203	200204	200205	200206	200207	200208	200209	200210
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INTRASTATE MR RESULTS

BASIC LOCAL SERVICES REVENUE

1	5001 Basic Area Revenue	59,436,642	60,535,586	58,870,268	58,144,338	57,315,887	55,715,358	55,376,887	55,844,718	55,754,580	55,598,613	55,484,192
2	5002 Optional Extended Area	5	5	5	5	5	5	5	5	5	5	5
3	5003 Cellular Mobile Services											
4	5004 Other Mobile Services	69	69	69	69	69	69	69	69	69	69	69
5	5010 Public Telephone											
6	5040 Local Private Line	51	51	51	51	51	51	51	51	51	51	51
7	5050 Customer Premises	5,826	10,378	7,553	6,464	4,733	8,273	9,658	5,922	6,460	8,392	8,442
8	5060 Other Local Exchange	20,125,190	22,675,228	22,140,367	24,239,320	22,989,552	22,448,051	24,120,106	21,435,402	21,352,488	21,562,728	21,741,659
9	5069 Settlements											

10 TOTAL BASIC LOCAL SERVICES

NETWORK ACCESS SERVICE REVENUE

11	5081 End User *	-	-	-	-	-	-	-	-	-	-	-
12	5082 Switched Access *	-	-	-	-	-	-	-	-	-	-	-
13	5083 Special Access *	-	-	-	-	-	-	-	-	-	-	-
14	5084 State Access	8,562,215	8,477,444	8,434,413	8,897,410	8,563,334	7,879,018	7,857,016	8,099,871	8,338,977	8,181,573	7,613,316

15 TOTAL NETWORK ACCESS SERVICE REVENUE

LONG DISTANCE NETWORK

16	5100 Long Distance Message	1,412,102	1,225,693	1,034,953	1,141,435	1,131,198	1,165,240	1,180,657	1,230,393	1,087,975	1,048,869	1,028,723
17	5110 Unidirectional Long Distance	121,862	135,123	134,090	115,594	118,338	127,851	117,839	121,918	116,493	129,837	121,307
18	5120 Long Distance Pst Network	409	409	409	409	409	409	409	409	409	409	409
19	5160 Other Long Distance	-	-	-	-	-	-	-	-	-	-	-

20 TOTAL LONG DISTANCE NETWORK

MISCELLANEOUS REVENUE

21	5230 Directory	1,415,750	1,373,683	1,395,821	1,381,696	1,349,836	1,257,469	972,364	1,589,554	1,573,662	1,284,900	1,692,295
22	5240 Rent	7,483,220	(2,753,125)	310,238	64,591	253,660	259,121	381,081	500,225	198,738	386,120	862,991
23	5250 Corporate Operations	(4,604,495)	470,674	400,606	1,180,750	381,235	337,662	1,300,189	374,586	7,567,801	(5,144,913)	827,916
24	5260 Miscellaneous	3,413,719	2,239,416	445,686	3,513,208	1,943,377	2,857,745	1,514,993	2,401,294	1,621,716	1,974,890	1,605,901
25	5280 Other Nonregulated	501	(59,288)	(68)	59,286	(132)	(35)	237	-	1	(2)	(95)
26	5270 Carrier Billing & Collection	670,365	571,264	602,346	538,443	565,608	667,713	572,786	531,092	577,115	375,529	144,836

27 TOTAL MISCELLANEOUS REVENUE

		8,379,061	1,842,625	3,154,629	6,737,973	4,493,584	5,379,674	4,741,650	5,396,751	11,539,033	(1,123,476)	5,133,844
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28 TOTAL REVENUE

		98,043,432	94,902,611	93,776,807	99,283,088	94,617,160	92,723,999	93,404,357	92,135,509	98,196,520	85,407,070	91,132,017
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29 TOTAL OPERATING EXPENSES & TAXES

		107,927,205	95,663,110	95,956,708	92,478,239	93,084,004	84,955,998	98,016,574	93,199,944	92,308,436	100,703,427	91,526,671
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SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona Intrastate Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)
Date:

Jun 21, 2004

	200112	200201	200202	200203	200204	200205	200206	200207	200208	200209	200210
30 NET OPERATING INCOME (L.28-L.29)	(9,883,773)	(760,500)	(2,179,901)	6,804,829	1,533,156	7,768,002	(4,612,217)	(1,064,435)	5,888,084	(15,296,357)	(394,654)
5100 Long Distance Message											
LD Msg Rev Interstate	1,101,667	934,736	793,174	877,269	869,468	900,335	923,777	965,420	853,944	796,057	803,325
LD Msg Rev Intrastate	306,935	287,096	237,947	261,701	258,321	262,557	253,851	259,834	224,753	232,949	209,927
LD Msg Rev Interstate Toll Calling Plan	3,500	3,861	3,832	2,465	3,409	2,348	3,029	5,139	9,278	19,863	15,471
LD Msg Rev Resale Interstate	1,412,102	1,225,693	1,034,953	1,141,435	1,131,198	1,165,240	1,180,657	1,230,393	1,087,975	1,048,869	1,028,723
Total Long Distance Message											
5110 Unidirectional Long Distance											
5111.1	34,966	34,409	38,709	32,771	32,113	32,834	32,362	33,759	37,330	33,463	32,502
5111.2											
5111.3	35,543	50,701	39,388	31,907	37,341	38,106	32,517	34,396	28,580	43,579	39,628
5111.4	(17)	83	97	65	61	(28)	117	32	(39)	68	(23)
5111.51											
5111.52											
5112.1	17,733	21,926	24,271	20,210	20,287	22,759	23,286	23,867	24,021	25,126	22,863
5112.2											
5112.3	32,890	27,282	30,317	30,112	27,284	32,813	28,247	28,494	24,775	26,479	26,299
5112.4	747	722	1,308	529	1,252	1,247	1,323	1,370	1,826	1,122	38
5112.5											
5112.61											
5112.62						20	(13)				
Total Unidirectional Long Distance	121,862	135,123	134,090	115,594	118,338	127,851	117,839	121,918	116,493	129,837	121,307
5120 Long Distance Pvt Network											
5120.1	409	409	409	409	409	409	409	409	409	409	409
5120.2	409	409	409	409	409	409	409	409	409	409	409
Total 5120 Long Distance Pvt Network											
5160 Other Long Distance											
5160.1											
5160.2											
5169.1											
5169.2											
Total 5160 Other Long Distance											
5280 Other Nonregulated											
5280.1	1					(1)	1	1		(1)	(1)
5280.2	500	(113)	(68)	111	(132)	(35)	236	(1)	1	-	(95)
5280.3						1		1		1	1

SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona Intrastate Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)

Date: Jun 21, 2004

5280.5	200112	200201	200202	200203	200204	200205	200206	200207	200208	200209	200210
	-	(59,175)	-	59,175	-	-	-	(1)	-	(1)	-
5280.9	-	-	-	-	-	-	-	-	-	(1)	-
Total 5280 Other Nonregulated	501	(59,288)	(68)	59,288	(132)	(35)	237	-	1	(2)	(95)

OPERATING EXPENSES & TAXES

Federal Income Taxes	(13,809,240)	(2,799,357)	(3,616,289)	552,045	(2,225,305)	1,438,004	111,136	(3,311,275)	2,911	(9,282,278)	(3,317,580)
State and Local Income Taxes	(7,640,606)	(77,421)	(77,244)	(301,313)	(192,997)	(90,122)	(290,795)	(116,583)	(47,822)	(339,947)	(412,790)
Total Operating Expense	129,377,051	98,539,889	98,650,241	92,227,508	95,502,306	83,608,115	98,196,233	96,827,802	92,353,346	110,335,652	95,257,041
Total Operating Expense & Taxes	107,927,205	95,663,110	95,956,708	92,478,239	93,084,004	84,955,998	98,016,574	93,199,944	92,308,436	100,703,427	91,626,671

PART X

25 5280 Other Nonregulated	200112	200201	200202	200203	200204	200205	200206	200207	200208	200209	200210
26 5270 Carrier Billing & Collection	13,530,133	10,943,946	9,183,700	11,004,026	9,359,307	10,200,552	10,284,237	10,465,505	8,675,820	9,434,737	28,513
27 TOTAL MISCELLANEOUS REVENUE	13,530,133	10,943,946	9,183,700	11,004,026	9,359,307	10,200,552	10,284,237	10,465,505	8,675,820	9,434,737	28,513
28 TOTAL REVENUE	13,530,133	10,943,946	9,183,700	11,004,026	9,359,307	10,200,552	10,284,237	10,465,505	8,675,820	9,434,737	28,513
29 TOTAL OPERATING EXPENSES & TAXES	13,180,142	9,572,110	8,596,484	9,321,468	8,409,103	9,719,188	8,510,117	11,213,679	5,552,064	9,871,705	3,769,341
30 NET OPERATING INCOME (L-28-L-29)	349,991	1,371,836	587,216	1,682,558	950,204	481,364	1,754,120	(748,174)	3,123,756	(436,968)	(3,740,828)

OPERATING EXPENSES & TAXES

Federal Income Taxes	(134,946)	697,456	252,800	807,278	423,401	160,210	1,304,192	(541,062)	1,695,084	(155,638)	(2,441,035)
State and Local Income Taxes	(814,138)	197,148	136,259	140,534	107,711	(28,191)	225,244	48,161	457,605	306,672	(773,716)
Total Operating Expense	14,129,126	8,677,506	8,207,425	8,373,656	7,877,991	9,587,169	6,980,681	11,706,580	3,399,375	9,720,671	6,984,092
Total Operating Expense & Taxes	13,180,142	9,572,110	8,596,484	9,321,468	8,409,103	9,719,188	8,510,117	11,213,679	5,552,064	9,871,705	3,769,341

5280 Other Nonregulated

5280.1	5,349,432	3,869,634	3,701,723	3,824,545	3,760,497	3,838,682	3,795,362	3,686,962	3,522,677	3,403,787	3,388,750
5280.2	8,526,925	7,958,784	7,812,117	6,114,572	7,772,339	7,568,674	7,180,449	7,531,438	7,437,296	7,089,433	7,052,122
5280.3	(2,698,497)	(2,472,689)	(2,533,972)	(2,617,908)	(2,456,862)	(2,481,426)	(2,726,808)	(2,736,999)	(2,640,512)	(2,753,159)	(2,586,782)
5280.5	195,980	204,874	188,059	201,538	250,596	266,602	208,143	225,349	178,595	227,190	180,403
5280.9	2,156,293	1,383,343	15,773	3,481,279	32,737	1,008,020	1,817,091	1,778,755	177,764	1,467,486	(7,993,980)
Total 5280 Other Nonregulated	13,530,133	10,943,946	9,183,700	11,004,026	9,359,307	10,200,552	10,284,237	10,465,505	8,675,820	9,434,737	28,513

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5280 Other Nonregulated

6 MISCELLANEOUS	-1,739	-29,413	-31,811	24,642	-30,597	-26,144	-20,078	-32,309	-38,133	-32,809	-422,576
6A ACCT 5280.1	0	0	0	0	0	0	0	0	0	0	0
6B ACCT 5280.2	839,258	1,653,375	1,578,258	2,361	1,554,708	1,487,786	1,313,935	1,678,497	1,574,914	1,508,786	1,411,238
6C ACCT 5280.3	-760,725	-781,206	-781,590	-736,944	-774,374	-763,425	-754,293	-760,553	-670,244	-665,207	-957,102

SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona Intrastate Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)
 Date: Jun 21, 2004

	200112	200201	200202	200203	200204	200205	200206	200207	200208	200209	200210
6D ACCT 5280.5	0	0	0	0	0	0	0	0	0	0	0
6E ACCT 5280.6	0	0	0	0	0	0	0	0	0	0	0
Total 5280 Other Nonregulated	76,794	842,756	764,857	-709,941	749,737	698,217	539,564	885,635	866,637	810,770	31,560
OPERATING EXPENSES & TAXES											
Federal Income Taxes	-859,819	-139,645	-201,563	-820,937	-134,781	-164,670	-387,872	-449,416	-32,758	-133,599	-312,978
State and Local Income Taxes	141,007	-37,683	-75,331	-194,222	-29,064	2,249	-49,598	-204,769	-15,739	-209,048	-137,869
Total Operating Expense	2,508,147	1,234,933	1,361,422	1,873,655	1,125,844	1,140,341	1,246,103	2,221,593	1,026,032	1,172,594	977,646
Total Operating Expense & Taxes	1,789,335	1,057,605	1,084,528	858,496	961,999	977,920	808,633	1,567,408	977,535	829,947	526,799

SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona Intrastate Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)

Date: Jun 21, 2004

	200211	200212	200301	200302	200303	200304	200305	200306	200307	200308	200309
BASIC LOCAL SERVICES REVENUE											
1 5001 Basic Area Revenue	55,493,132	55,795,928	52,832,587	54,951,144	53,855,863	53,409,836	52,071,374	49,517,284	51,028,647	49,745,202	50,598,121
2 5002 Optional Extended Area	5	3	4	3	(7)	3	3	3	3	3	3
3 5003 Cellular Mobile Services	-	-	-	-	-	-	-	-	-	-	-
4 5004 Other Mobile Services	69	69	69	70	69	69	69	69	69	69	69
5 5010 Public Telephone	-	-	-	-	-	-	-	-	-	-	-
6 5040 Local Private Line	-	-	-	-	-	-	-	-	-	-	-
7 5050 Customer Premises	10,196	8,339	3,321	51	51	-	51	51	102	51	51
8 5060 Other Local Exchange	20,098,130	22,702,270	20,385,028	18,985,241	6,534	8,181	8,156	5,211	5,946	4,483	7,053
9 5069 Settlements	-	-	-	-	22,077,424	19,301,643	19,096,781	20,074,818	18,603,031	18,738,862	19,875,306
10 TOTAL BASIC LOCAL SERVICES	75,602,532	78,506,609	73,221,060	73,941,572	75,940,934	72,719,732	71,176,434	69,597,436	69,637,798	68,488,670	70,480,603
NETWORK ACCESS SERVICE REVENUE											
11 5081 End User *	-	-	-	-	-	-	-	-	-	-	-
12 5082 Switched Access *	-	-	-	-	-	-	-	-	-	-	-
13 5083 Special Access *	-	-	-	-	-	-	-	-	-	-	-
14 5084 State Access	7,299,115	7,989,418	7,181,017	6,703,205	6,336,534	6,545,967	2,973,187	6,763,716	5,986,902	6,269,725	6,213,621
15 TOTAL NETWORK ACCESS SERVICE REVENUE	7,299,115	7,989,418	7,181,017	6,703,205	6,336,534	6,545,967	2,973,187	6,763,716	5,986,902	6,269,725	6,213,621
LONG DISTANCE NETWORK											
16 5100 Long Distance Message	843,067	855,424	1,013,947	840,948	772,872	826,694	824,798	667,975	945,537	856,224	802,909
17 5110 Unidirectional Lng Distance	121,917	105,706	129,057	118,318	107,000	125,069	107,708	105,480	117,107	106,844	97,480
18 5120 Long Distance Pvt Network	-	-	409	409	409	-	409	409	818	409	409
19 5160 Other Long Distance	-	-	-	-	-	-	-	-	-	-	-
20 TOTAL LONG DISTANCE NETWORK	964,984	961,130	1,143,413	959,675	880,281	951,763	932,915	773,864	1,063,462	963,477	900,798
MISCELLANEOUS REVENUE											
21 5230 Directory	1,369,366	1,360,073	1,328,342	1,347,039	1,378,424	1,303,942	1,337,858	1,343,430	1,286,056	1,309,303	1,330,330
22 5240 Rent	123,962	1,335,271	3,246,141	2,038,311	(563,730)	2,928,735	1,608,872	2,741,423	2,321,731	3,177,604	3,368,074
23 5250 Corporate Operations	1,605,006	1,002,761	464,136	678,519	2,757,783	867,167	773,300	894,555	811,605	949,776	842,770
24 5260 Miscellaneous	2,005,871	2,732,268	2,568,535	5,719,885	775,262	1,228,855	2,169,196	2,038,838	1,944,593	1,932,452	1,651,589
25 5280 Other Nonregulated	2,621,337	7,531,632	7,084,086	7,443,039	8,435,644	7,620,748	7,594,364	7,134,487	7,785,537	6,792,088	7,169,291
26 5270 Carrier Billing & Collection	542,477	612,083	365,106	426,225	438,471	355,748	378,666	359,860	302,287	517,470	409,053
27 TOTAL MISCELLANEOUS REVENUE	8,268,019	14,574,089	15,046,346	17,653,018	13,222,855	14,305,196	13,862,257	14,512,593	14,451,809	14,678,693	14,771,107
28 TOTAL REVENUE	92,134,650	102,031,246	96,591,836	99,257,470	96,380,604	94,522,658	88,544,793	91,647,609	91,139,971	90,400,565	92,366,129
29 TOTAL OPERATING EXPENSES & TAXES	109,397,937	86,244,323	99,377,269	93,203,116	102,586,090	97,438,451	95,232,175	101,203,188	96,668,818	101,014,063	98,546,881
30 NET OPERATING INCOME	(17,263,287)	15,786,923	(2,785,433)	6,054,354	(6,205,486)	(2,915,793)	(6,287,382)	(9,555,579)	(5,528,847)	(10,613,498)	(6,180,751)
(L28-L29)											

SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona Intrastate Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)

Date: Jun 21, 2004

	200211	200212	200301	200302	200303	200304	200305	200306	200307	200308	200309
INTRASTATE MR RESULTS											
BASIC LOCAL SERVICES REVENUE											
1 5001 Basic Area Revenue	55,493,132	55,795,928	52,832,587	54,951,144	53,856,863	53,409,836	52,071,374	49,517,284	51,028,647	49,745,202	50,598,121
2 5002 Optional Extended Area	5	3	4	3	(7)	3	3	3	3	3	3
3 5003 Cellular Mobile Services											
4 5004 Other Mobile Services	69	69	69	70	69	69	69	69	69	69	69
5 5010 Public Telephone											
6 5040 Local Private Line				51	51		51	51	102	51	51
7 5050 Customer Premises	10,196	8,339	3,321	5,063	6,534	8,181	8,155	5,211	5,946	4,483	7,053
8 5060 Other Local Exchange	20,099,130	22,702,270	20,385,028	18,985,241	22,077,424	19,301,643	19,086,781	20,074,818	18,603,031	18,738,862	19,875,306
9 5069 Settlements											
10 TOTAL BASIC LOCAL SERVICES	75,602,532	78,506,609	73,221,060	73,941,572	75,940,934	72,719,732	71,176,434	69,587,436	69,637,798	68,488,670	70,480,603
NETWORK ACCESS SERVICE REVENUE											
11 5081 End User *	-	-	-	-	-	-	-	-	-	-	-
12 5082 Switched Access *	-	-	-	-	-	-	-	-	-	-	-
13 5083 Special Access *	-	-	-	-	-	-	-	-	-	-	-
14 5084 State Access	7,299,115	7,989,418	7,181,017	6,703,205	6,336,534	6,545,967	2,973,187	6,763,716	5,986,902	6,269,725	6,213,621
15 TOTAL NETWORK ACCESS SERVICE REVENUE	7,299,115	7,989,418	7,181,017	6,703,205	6,336,534	6,545,967	2,973,187	6,763,716	5,986,902	6,269,725	6,213,621
LONG DISTANCE NETWORK											
16 5100 Long Distance Message	843,067	855,424	1,013,947	840,948	772,872	826,694	824,798	667,975	945,537	856,224	802,909
17 5110 Unidirectional Lng Distance	121,917	105,706	129,057	118,318	107,000	125,069	107,708	105,480	117,107	106,844	97,480
18 5120 Long Distance Pvt Network	-	-	409	409	409	-	409	409	818	409	409
19 5160 Other Long Distance	-	-	-	-	-	-	-	-	-	-	-
20 TOTAL LONG DISTANCE NETWORK	964,984	961,130	1,143,413	959,675	880,281	951,763	932,915	773,864	1,063,462	963,477	900,798
MISCELLANEOUS REVENUE											
21 5230 Directory	1,369,366	1,360,073	1,328,342	1,347,039	1,379,424	1,303,942	1,337,858	1,343,430	1,286,056	1,309,303	1,330,330
22 5240 Rent	123,962	1,335,271	3,246,141	2,038,311	(563,730)	2,928,735	1,808,872	2,741,423	2,321,731	3,177,604	3,368,074
23 5250 Corporate Operations	1,605,006	1,002,761	464,136	678,519	2,757,763	867,167	773,300	894,555	811,605	949,776	842,770
24 5260 Miscellaneous	2,005,871	2,732,268	2,558,535	5,719,885	775,262	1,228,855	2,169,196	2,038,838	1,944,593	1,932,452	1,651,589
25 5280 Other Nonregulated	(15)	-	(233)	(1)	55	(84)	(125)	(136)	-	(418)	(145)
26 5270 Carrier Billing & Collection	542,477	612,083	365,106	426,225	438,471	355,748	378,666	359,860	302,287	517,470	409,053
27 TOTAL MISCELLANEOUS REVENUE	5,646,667	7,042,457	7,962,027	10,209,978	4,767,266	6,684,364	6,267,768	7,377,970	6,666,272	7,886,187	7,601,671
28 TOTAL REVENUE	89,513,298	94,499,614	89,507,517	91,814,430	87,945,015	86,901,826	81,350,304	84,512,986	83,354,434	83,608,059	85,196,693
29 TOTAL OPERATING EXPENSES & TAXES	102,972,265	82,610,372	92,634,771	85,580,349	94,553,224	89,720,090	87,186,280	93,694,031	88,807,787	93,771,376	91,070,853

SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona Intrastate Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)

Date: Jun 21, 2004

	200211	200212	200301	200302	200303	200304	200305	200306	200307	200308	200309
30 NET OPERATING INCOME (L-28-L-29)	(13,458,967)	11,889,242	(3,127,254)	6,234,081	(6,608,209)	(2,818,264)	(5,835,976)	(9,191,045)	(5,453,353)	(10,163,317)	(5,874,159)
5100 Long Distance Message											
LD Msg Rev Interstate	635,935	639,578	804,532	672,895	575,080	651,533	640,167	490,615	762,393	690,038	652,259
LD Msg Rev Intrastate	194,872	204,752	198,819	157,893	190,193	170,759	179,311	173,705	182,759	165,598	150,369
LD Msg Rev Interstate Toll Calling Plan	12,260	11,094	10,596	10,160	7,599	4,402	5,320	3,655	385	588	281
LD Msg Rev Resale Interstate	843,067	855,424	1,013,947	840,948	772,872	826,694	824,798	667,975	945,537	856,224	802,509
Total Long Distance Message											
5110 Unidirectional Long Distance											
5111.1	31,444	29,775	31,862	33,433	28,467	31,537	31,549	29,271	29,242	29,368	28,013
5111.2											
5111.3											
5111.4	40,177	35,129	51,639	38,045	29,703	43,604	24,582	33,156	37,058	28,924	21,370
5111.51	25	(23)	1	2	1	22	(10)	-	-	1	-
5111.52											
5112.1	23,687	17,769	22,865	22,324	19,775	27,335	25,086	20,180	25,852	26,629	25,013
5112.2											
5112.3											
5112.4	24,645	23,018	20,857	23,625	27,827	21,474	25,379	22,026	24,014	20,971	21,912
5112.5	1,939	38	1,833	889	1,227	1,087	1,122	847	941	951	1,172
5112.61											
5112.62											
Total Unidirectional Long Distance	121,917	105,706	129,057	118,318	107,000	125,069	107,708	105,480	117,107	106,844	97,480
5120 Long Distance Pvt Network											
5120.1			409	409	409	-	409	409	818	409	409
5120.2	0	0	409	409	409	0	409	409	818	409	409
Total 5120 Long Distance Pvt Network											
5160 Other Long Distance											
5160.1											
5160.2											
5169.1											
5169.2											
Total 5160 Other Long Distance											
5280 Other Nonregulated											
5280.1			1	-	-	(1)	-	1	-	(1)	-
5280.2	(15)	-	(204)	(1)	(45)	(81)	(126)	(137)	-	(416)	(146)
5280.3						(1)	-	-	-	-	1

Date: Jun 21, 2004

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SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona Intrastate Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)

Date: Jun 21, 2004

	200211	200212	200301	200302	200303	200304	200305	200306	200307	200308	200309
6D ACCT 5280.5	0	0	0	0	0	0	0	0	0	0	0
6E ACCT 5280.6	0	0	0	0	0	0	0	0	0	0	0
Total 5280 Other Nonregulated	514,630	702,568	469,549	629,117	1,047,945	1,131,227	754,529	548,467	658,687	876,750	730,903
OPERATING EXPENSES & TAXES											
Federal Income Taxes	-258,841	-1,062,892	-232,526	-173,915	-62,905	1,632	-88,781	-442,200	-27,655	-254,023	-155,918
State and Local Income Taxes	-197,263	1,639,523	-57,182	-13,282	-14,401	-4,683	-27,060	-104,443	-22,588	-110,473	-44,783
Total Operating Expense	1,278,223	1,043,132	1,152,883	1,108,705	1,054,953	1,123,843	990,751	1,606,417	737,892	1,539,363	1,139,340
Total Operating Expense & Taxes	822,119	1,619,763	863,175	921,508	977,647	1,120,792	874,910	1,059,774	687,649	1,174,867	938,639

SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona Intrastate Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)

Date: Jun 21, 2004

	200310	200311	200312	2001 Annual	2002 Annual	2003 Annual
BASIC LOCAL SERVICES REVENUE						
1 5001 Basic Area Revenue	48,980,357	49,745,835	48,250,191	747,500,525	679,929,477	614,987,441
2 5002 Optional Extended Area	3	3	3	(1,897)	58	27
3 5003 Cellular Mobile Services	-	-	-	-	-	-
4 5004 Other Mobile Services	69	69	69	851	828	829
5 5010 Public Telephone	-	-	-	-	-	-
6 5040 Local Private Line	51	51	51	782	510	612
7 5050 Customer Premises	9,164	2,825	9,434	119,314	94,810	75,371
8 5060 Other Local Exchange	17,972,695	17,380,761	15,117,336	271,112,396	267,506,301	227,608,926
9 5069 Settlements	-	-	-	-	-	-
10 TOTAL BASIC LOCAL SERVICES	66,962,339	67,129,544	63,377,084	1,018,732,171	947,631,984	842,673,206
NETWORK ACCESS SERVICE REVENUE						
11 5081 End User *	-	-	-	-	-	-
12 5082 Switched Access *	-	-	-	-	-	-
13 5083 Special Access *	-	-	-	-	-	-
14 5084 State Access	6,636,964	6,184,462	4,990,741	115,571,676	97,630,905	72,786,041
15 TOTAL NETWORK ACCESS SERVICE REVENUE	6,636,964	6,184,462	4,990,741	115,571,676	97,630,905	72,786,041
LONG DISTANCE NETWORK						
16 5100 Long Distance Message	897,498	719,984	682,663	17,678,037	12,973,627	9,852,049
17 5110 Unidirectional Lng Distance	94,900	100,677	96,470	2,162,236	1,466,013	1,306,110
18 5120 Long Distance Pxt Network	409	409	409	4,937	4,090	4,908
19 5160 Other Long Distance	-	-	-	-	-	-
20 TOTAL LONG DISTANCE NETWORK	992,807	821,070	779,542	19,845,210	14,443,730	11,163,067
MISCELLANEOUS REVENUE						
21 5230 Directory	1,218,822	1,561,049	1,294,881	17,399,060	16,600,719	16,040,476
22 5240 Rent	3,248,310	3,308,394	5,964,010	12,604,676	1,922,875	33,388,876
23 5250 Corporate Operations	769,376	763,908	1,995,147	(3,838,604)	10,304,272	12,568,044
24 5260 Miscellaneous	1,769,126	2,379,373	(4,541,188)	34,910,961	24,856,363	19,626,517
25 5280 Other Nonregulated	6,966,899	6,203,922	9,178,260	115,820,329	94,233,524	89,408,365
26 5270 Carrier Billing & Collection	384,915	521,101	870,665	8,695,670	6,301,292	5,329,567
27 TOTAL MISCELLANEOUS REVENUE	14,357,449	14,738,748	14,761,774	185,592,092	154,219,045	176,361,845
28 TOTAL REVENUE	88,949,559	88,873,824	83,909,141	1,339,741,149	1,213,825,564	1,102,984,159
29 TOTAL OPERATING EXPENSES & TAXES	97,084,179	96,082,198	86,558,047	1,285,679,705	1,208,419,760	1,164,994,475
30 NET OPERATING INCOME (L28-L29)	(8,134,620)	(7,208,374)	(2,648,906)	54,061,444	5,405,905	(62,010,316)

SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona IntraState Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)
Date: Jun 21, 2004

	200310	200311	200312	2001 Annual	2002 Annual	2003 Annual
INTRASTATE MR RESULTS						
BASIC LOCAL SERVICES REVENUE						
1 5001 Basic Area Revenue	48,980,357	49,745,835	48,250,191	747,500,525	679,929,477	614,987,441
2 5002 Optional Extended Area	3	3	3	(1,697)	58	27
3 5003 Cellular Mobile Services				-	-	-
4 5004 Other Mobile Services	69	69	69	851	828	829
5 5010 Public Telephone				-	-	-
6 5040 Local Private Line	51	51	51	782	510	612
7 5050 Customer Premises	9,164	2,825	9,434	119,314	94,810	75,371
8 5060 Other Local Exchange	17,972,695	17,980,761	15,117,336	271,112,396	267,506,301	227,608,926
9 5069 Settlements				-	-	-
10 TOTAL BASIC LOCAL SERVICES	66,962,339	67,129,544	63,377,084	1,018,732,171	947,531,984	842,673,206
NETWORK ACCESS SERVICE REVENUE						
11 5081 End User *	-	-	-	-	-	-
12 5082 Switched Access *	-	-	-	-	-	-
13 5083 Special Access *	-	-	-	-	-	-
14 5084 State Access	6,636,964	6,184,462	4,990,741	115,571,676	97,630,905	72,786,041
15 TOTAL NETWORK ACCESS SERVICE REVENUE	6,636,964	6,184,462	4,990,741	115,571,676	97,630,905	72,786,041
LONG DISTANCE NETWORK						
16 5100 Long Distance Message	897,498	719,984	682,663	17,678,037	12,973,627	9,852,049
17 5110 Unidirectional Long Distance	94,900	100,677	96,470	2,162,236	1,466,013	1,306,110
18 5120 Long Distance Pst Network	409	409	409	4,937	4,090	4,908
19 5160 Other Long Distance	-	-	-	-	-	-
20 TOTAL LONG DISTANCE NETWORK	992,807	821,070	779,542	19,845,210	14,443,730	11,163,067
MISCELLANEOUS REVENUE						
21 5230 Directory	1,218,822	1,561,049	1,294,881	17,399,060	16,600,719	16,040,476
22 5240 Rent	3,248,310	3,308,394	5,964,010	12,604,676	1,922,875	33,388,876
23 5250 Corporate Operations	769,376	763,908	1,995,147	(3,838,604)	10,304,272	12,568,044
24 5260 Miscellaneous	1,769,126	2,379,373	(4,541,188)	34,910,961	24,856,363	19,626,517
25 5280 Other Nonregulated	(25)	(162)	1,274	7	(111)	-
26 5270 Carrier Billing & Collection	384,915	521,101	870,665	8,695,670	6,301,292	5,329,567
27 TOTAL MISCELLANEOUS REVENUE	7,390,525	8,534,664	5,584,788	69,771,770	59,985,410	86,953,480
28 TOTAL REVENUE	81,962,635	82,669,740	74,732,155	1,223,920,827	1,119,592,029	1,013,575,794
29 TOTAL OPERATING EXPENSES & TAXES	89,547,973	88,742,210	78,138,358	1,184,716,582	1,123,475,748	1,073,447,302

SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona IntraState Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)

Date: Jun 21, 2004

	200310	200311	200312	2001 Annual	2002 Annual	2003 Annual
30 NET OPERATING INCOME (L-28-L-29)	(7,565,338)	(6,072,470)	(3,406,203)	39,204,245	(3,883,718)	(59,871,508)
5100 Long Distance Message						
LD Msg Rev Interstate	750,870	596,273	540,650	13,526,835	9,983,018	7,827,305
LD Msg Rev IntraState						
LD Msg Rev Interstate Toll Calling Plan	146,298	123,445	141,499	4,130,363	2,888,560	1,980,648
LD Msg Rev Resale Interstate	330	266	514	20,839	92,049	44,096
LD Msg Rev Resale IntraState	897,498	719,984	682,663	17,678,037	12,973,627	9,852,049
Total Long Distance Message						
5110 Unidirectional Long Distance						
5111.1	28,347	28,406	23,475	315,234	401,571	352,970
5111.2						
5111.3						
5111.4	22,542	27,298	34,451	465,739	451,449	392,373
5111.51						
5111.52	2	(1)	-	1,446	435	18
5112.1						
5112.2	23,235	24,620	19,804	235,232	270,072	282,718
5112.3						
5112.4	19,682	19,538	18,705	1,129,928	329,765	266,010
5112.5	1,092	815	35	14,578	12,714	12,021
5112.61						
5112.62	-	-	-	79	7	-
Total Unidirectional Long Distance	94,900	100,677	96,470	2,162,236	1,466,013	1,306,110
5120 Long Distance Pvt Network						
5120.1	409	409	409	4,937	4,090	4,908
5120.2	409	409	409	4,937	4,090	4,908
Total 5120 Long Distance Pvt Network						
5160 Other Long Distance						
5160.1						
5160.2						
5169.1						
5169.2						
Total 5160 Other Long Distance						
5280 Other Nonregulated						
5280.1	-	-	-	1	(1)	-
5280.2	(24)	(42)	1,224	(3)	(111)	2
5280.3	-	-	-	7	4	-

SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona Intrastate Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)

Jun 21, 2004

Date:

5280.5 _____	200310	200311	200312	2001 Annual	2002 Annual	2003 Annual
5280.9 _____	(1)	(120)	50	1	(2)	(2)
Total 5280 Other Nonregulated	(25)	(162)	1,274	7	(111)	-

OPERATING EXPENSES & TAXES

Federal Income Taxes	(6,046,893)	(6,390,286)	(9,320,591)	(9,470,730)	(11,139,484)	(65,386,543)
State and Local Income Taxes	976,017	(1,136,689)	(7,268,944)	(5,265,853)	(9,122,911)	(14,122,656)
Total Operating Expense	94,618,849	96,268,184	94,727,894	1,199,453,166	1,143,738,143	1,152,956,501
Total Operating Expense & Taxes	89,547,973	88,742,210	78,136,358	1,184,716,582	1,123,475,748	1,073,447,302

PART X

25 5280 Other Nonregulated	200310	200311	200312	2001 Annual	2002 Annual	2003 Annual
26 5270 Carrier Billing & Collection	7,671,130	7,042,186	9,400,073	127,637,106	100,930,525	98,020,934
27 TOTAL MISCELLANEOUS REVENUE	7,671,130	7,042,186	9,400,073	127,637,106	100,930,525	98,020,934
28 TOTAL REVENUE	7,671,130	7,042,186	9,400,073	127,637,106	100,930,525	98,020,934
29 TOTAL OPERATING EXPENSES & TAXES	8,485,802	8,211,867	8,593,303	116,937,650	97,036,764	102,161,223
30 NET OPERATING INCOME (L28-L29)	(814,672)	(1,169,681)	806,770	10,699,456	3,893,761	(4,140,289)

OPERATING EXPENSES & TAXES

Federal Income Taxes	(949,053)	(1,091,712)	946,268	4,482,937	(961,500)	(4,210,266)
State and Local Income Taxes	(381,139)	(563,942)	(438,625)	570,674	73,267	(2,193,803)
Total Operating Expense	9,815,994	9,867,521	8,085,660	111,884,039	97,924,997	108,565,292
Total Operating Expense & Taxes	8,485,802	8,211,867	8,593,303	116,937,650	97,036,764	102,161,223

5280 Other Nonregulated

5280.1 _____	2,784,659	2,760,378	2,722,305	44,042,192	43,377,512	35,353,575
5280.2 _____	5,617,479	5,519,401	4,807,465	96,720,582	87,599,086	72,015,600
5280.3 _____	(2,462,450)	(2,484,829)	(55,600)	(31,086,041)	(31,147,619)	(27,778,289)
5280.5 _____	132,052	137,529	126,242	5,714,909	2,493,675	1,860,492
5280.9 _____	1,599,390	1,108,707	1,798,661	12,245,464	(1,392,129)	16,569,556
Total 5280 Other Nonregulated	7,671,130	7,042,186	9,400,073	127,637,106	100,930,525	98,020,934

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5280 Other Nonregulated

6 MISCELLANEOUS	-3,452	-4,475	-883	-365,199	-734,730	-62,261
6A ACCT 5280.1	0	0	0	0	0	0
6B ACCT 5280.2	1,367,958	1,509,916	861,510	21,797,570	16,827,466	16,501,715
6C ACCT 5280.3	-660,300	-667,339	-637,540	-9,615,587	-9,395,846	-7,826,885

SCHEDULE E-6 DETAIL
Comparative Departmental Operating Income Statement
QWEST CORPORATION
Arizona Intrastate Operations
MR Income Statement Plus JD Entries
(In Whole Dollars)

Date: Jun 21, 2004

	200310	200311	200312	2001 Annual	2002 Annual	2003 Annual
6D ACCT 5280.5	0	0	0	0	0	0
6E ACCT 5280.6	0	0	0	0	0	0
Total 5280 Other Nonregulated	704,206	838,102	223,087	11,816,784	6,696,890	8,612,569
OPERATING EXPENSES & TAXES						
Federal Income Taxes	-317,368	-82,057	273,767	-2,359,548	-4,099,952	-1,561,949
State and Local Income Taxes	-143,902	-111,276	-234,426	-281,132	491,186	-888,499
Total Operating Expense	1,410,866	1,065,212	134,273	18,615,207	15,701,518	13,064,498
Total Operating Expense & Taxes	949,596	871,879	173,614	15,974,527	12,092,752	10,614,050

QWEST CORPORATION
 ARIZONA INTRASTATE OPERATIONS
 Test Year Ending December 31, 2003
 \$(000)

Arizona Corporation Commission

Schedule E-7

Title: Operating Statistics

Date: Jun 21, 2004

	A	B	C
	Dec 31 2001	Dec 31 2002	Test Year Dec 31 2003
Access Lines (Average)	3,011,521	2,881,696	2,722,739
Revenue per Access Line (per month)	\$ 37.07	\$ 35.10	\$ 33.76
Intrastate Intralata Toll Messages (000)	25,475	21,648	17,339
Net Plant in Service per Access Line	\$ 759.89	\$ 727.90	\$ 675.93

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
\$(000)

Schedule E-8

Title: Comparative Taxes Charged to Operations

Date: Jun 21, 2004

<u>Description</u>	Year End at Dec 31 2001	Year End at Dec 31 2002	End of Test Year at Dec 31 2003
1 7210.1 Investment Credits Realized			
2 7210.2 Amortization of Investment Credits			
3 7220 FIT Current	(6,032)	11,815	(31,078)
4 7250.1 Federal Originating Timing Differences	5,883	(17,859)	(34,893)
5 7250.2 Federal Reversing Timing Differences	(7,577)	(9,359)	(8,620)
6 7250.71 FIT Allocation Adjustment			
7 Total Federal Income Tax (-L1-L2+L3+L4+5+6)	(7,726)	(15,403)	(74,591)
8 7230 SIT & LIT	3,163	(181)	(6,808)
9 7250.3 &.5 St & Loc Originating Timing Diff			
10 7250.4 St & Loc Reversing Timing Diff			
11 7250.72 SIT Allocation Adjustment			
12 Total State & Local Taxes (L8 thru 11)	3,163	(181)	(6,808)
13 7240.7 Federal Superfund Taxes			
14 Total Operating Taxes (L7+L12+L13)	(4,563)	(15,585)	(81,399)

Supporting Schedule:
None

Recap Sechedule:
E-2

**SCHEDULE E-8 DETAIL
COMPARATIVE TAXES CHARGES TO OPERATIONS**

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
In Whole Dollars

Date: Jun 21, 2004

Description	200101	200102	200103	200104	200105	200106	200107	200108	200109	200110	200111
1 7210.1 Investment Credits Realized	-	-	-	-	-	-	-	-	-	-	-
2 7210.2 Amortization of Investment Credits	-	-	-	-	-	-	-	-	-	-	-
3 7220 FIT Current	(1,585,929)	3,272,195	3,706,186	1,359,486	2,098,317	10,859,054	5,927,083	975,415	5,324,505	(3,476,399)	4,042,875
4 7250.1 Federal Originating Timing Differences	(1,407,485)	2,856,988	(3,852,355)	(906,756)	(2,408,108)	(5,234,578)	(2,284,568)	(2,283,732)	(630,997)	(293,927)	(3,431,196)
5 7250.2 Federal Reversing Timing Differences	(644,236)	441,876	(966,075)	(604,701)	(718,687)	(751,059)	(641,204)	(651,446)	(227,558)	(215,346)	(882,976)
6 7250.71 FIT Allocation Adjustment	-	-	-	-	-	-	-	-	-	-	-
7 Total Federal Income Tax (-L1-L2+L3+L4+5+6)	(3,637,650)	6,571,059	(1,112,244)	(151,971)	(1,028,478)	4,973,417	3,001,311	(1,959,763)	4,465,950	(3,985,672)	(271,497)
8 7230 SIT & LIT	489,750	656,782	1,119,585	353,883	692,095	1,850,766	1,405,529	736,510	1,495,418	270,117	972,881
9 7250.3 & 5 St & Loc Originating Timing Diff	-	-	-	-	-	-	-	-	-	-	-
10 7250.4 St & Loc Reversing Timing Diff	-	-	-	-	-	-	-	-	-	-	-
11 7250.72 SIT Allocation Adjustment	-	-	-	-	-	-	-	-	-	-	-
12 Total State & Local Taxes (L8 thru 11)	489,750	656,782	1,119,585	353,883	692,095	1,850,766	1,405,529	736,510	1,495,418	270,117	972,881
13 7240.7 Federal Superfund Taxes	-	-	-	-	-	-	-	-	-	-	-
14 Total Operating Taxes (L7+L12+L13)	(3,147,900)	7,227,841	7,341	201,912	(336,383)	6,824,183	4,406,840	(1,223,253)	5,961,368	(3,715,555)	701,184
INTRASTATE	200,101	200,102	200,103	200,104	200,105	200,106	200,107	200,108	200,109	200,110	200,111
1 7210.1 Investment Credits Realized	-	-	-	-	-	-	-	-	-	-	-
2 7210.2 Amortization of Investment Credits	-	-	-	-	-	-	-	-	-	-	-
3 7220 FIT Current	-1,851,435	2,942,943	2,620,645	1,131,079	1,790,548	9,531,178	5,418,574	905,353	4,178,686	-3,007,328	3,810,188
4 7250.1 Federal Originating Timing Differences	-1,470,410	2,681,287	-4,238,908	-1,011,826	-2,506,832	-5,116,153	-2,425,485	-2,306,025	-1,088,943	-243,448	-3,376,325
5 7250.2 Federal Reversing Timing Differences	-659,092	400,395	-1,070,829	-607,798	-743,000	-762,585	-672,461	-651,954	-350,776	-197,246	-865,046
6 7250.71 FIT Allocation Adjustment	-	-	-	-	-	-	-	-	-	-	-
7 Total Federal Income Tax (-L1-L2+L3+L4+5+6)	-3,980,937	6,024,625	-2,689,092	-488,545	-1,459,284	3,652,440	2,320,628	-2,052,626	2,738,967	-3,448,022	-431,183
8 7230 SIT & LIT	319,468	600,655	727,569	338,769	607,030	1,470,893	1,254,408	727,251	1,190,834	369,227	949,041
9 7250.3 & 5 St & Loc Originating Timing Diff	0	0	0	0	0	0	0	0	0	0	0
10 7250.4 St & Loc Reversing Timing Diff	0	0	0	0	0	0	0	0	0	0	0

**SCHEDULE E-8 DETAIL
COMPARATIVE TAXES CHARGES TO OPERATIONS**

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
In Whole Dollars

Date: Jun 21, 2004

Description	200101	200102	200103	200104	200105	200106	200107	200108	200109	200110	200111
11 7250.72 SIT Allocation Adjustment											
12 Total State & Local Taxes (L8 thru 11)	319,468	600,655	727,569	338,769	607,030	1,470,893	1,254,408	727,251	1,190,834	369,227	949,041
13 7240.7 Federal Superfund Taxes											
14 Total Operating Taxes (L7+L12+L13)	-3,661,469	6,625,280	-1,961,523	-149,776	-852,254	5,123,333	3,575,036	-1,325,375	3,929,801	-3,078,795	517,858
7250.3 & 5 St & Loc Originating Timing Diff											
15 7250.3 St & Loc Originating Timing Diff											
16 7250.5 St & Loc Originating Timing Diff											
17 Total	0	0	0	0	0	0	0	0	0	0	0
PART X											
1 7210.1 Investment Credits Realized											
2 7210.2 Amortization of Investment Credits											
3 7220 FIT Current	7,190	304,218	1,095,271	90,318	237,056	1,185,237	510,450	-209,517	1,195,156	-661,976	-120,975
4 7250.1 Federal Originating Timing Differences	62,925	175,701	386,553	105,070	98,724	-118,425	140,917	22,293	457,946	-50,479	-54,871
5 7250.2 Federal Reversing Timing Differences	14,856	41,481	104,754	3,097	24,313	11,526	31,257	508	123,218	-18,100	-17,930
6 7250.71 FIT Allocation Adjustment											
7 Total Federal Income Tax (-L1-L2+L3+L4+5+6)	84,971	521,400	1,586,578	198,485	360,093	1,078,338	682,624	-186,716	1,776,320	-730,555	-193,776
8 7230 SIT & LIT											
9 7250.3 & 5 St & Loc Originating Timing Diff	24,923	105,941	396,408	-16,694	66,210	307,793	153,830	-69,705	325,505	-159,932	-68,447
10 7250.4 St & Loc Reversing Timing Diff	0	0	0	0	0	0	0	0	0	0	0
11 7250.72 SIT Allocation Adjustment											
12 Total State & Local Taxes (L8 thru 11)	24,923	105,941	396,408	-16,694	66,210	307,793	153,830	-69,705	325,505	-159,932	-68,447
13 7240.7 Federal Superfund Taxes											
14 Total Operating Taxes (L7+L12+L13)	109,894	627,341	1,982,986	181,791	426,303	1,386,131	836,454	-256,421	2,101,825	-890,487	-262,223
7250.3 & 5 St & Loc Originating Timing Diff											
15 7250.3 St & Loc Originating Timing Diff											

SCHEDULE E-8 DETAIL
COMPARATIVE TAXES CHARGES TO OPERATIONS
 QWEST CORPORATION
 ARIZONA INTRASTATE OPERATIONS
 Test Year Ending December 31, 2003
 In Whole Dollars

Date: Jun 21, 2004

Description	200101	200102	200103	200104	200105	200106	200107	200108	200109	200110	200111
16 7250.5 St & Loc Originating Timing Diff											
17 Total	0	0	0	0	0	0	0	0	0	0	0
DEREG											
3 7220 FIT Current	-258,316	-25,034	9,730	-138,089	-70,713	-242,639	1,941	-279,579	49,337	-192,905	-353,462
8 7230 SIT & LIT	-145,359	49,814	4,392	-31,808	-18,855	-72,080	2,709	-78,964	20,921	-60,822	-92,087

**SCHEDULE E-8 DETAIL
COMPARATIVE TAXES CHARGES TO OPERATIONS**

QWEST CORPORATION

ARIZONA INTRASTATE OPERATIONS

Test Year Ending December 31, 2003

In Whole Dollars

Date:

Jun 21, 2004

Description	200112	200201	200202	200203	200204	200205	200206	200207	200208	200209	200210
1 7210.1 Investment Credits Realized	-	-	-	-	-	-	-	-	-	-	-
2 7210.2 Amortization of Investment Credits	-	-	-	-	-	-	-	-	-	-	-
3 7220 FIT Current	(38,634,648)	(741,100)	(1,810,287)	7,881,337	33,743	(100,151)	(1,635,353)	(3,296,488)	2,547,905	5,447,446	(2,834,202)
4 7250.1 Federal Originating Timing Differences	25,759,564	(1,013,102)	(1,143,432)	(5,503,162)	(1,492,542)	1,851,101	3,602,884	57,486	(653,473)	(14,597,851)	(2,447,932)
5 7250.2 Federal Reversing Timing Differences	(1,715,371)	(368,622)	(425,912)	(626,181)	(507,805)	(460,639)	(34,331)	(953,500)	(474,524)	(647,013)	(823,546)
6 7250.71 FIT Allocation Adjustment	-	-	-	-	-	-	-	-	-	-	-
7 Total Federal Income Tax (-L1-L2+L3+L4+5+6)	(14,590,455)	(2,122,824)	(3,379,631)	1,751,994	(1,966,604)	1,290,311	1,933,200	(4,192,502)	1,419,908	(9,797,418)	(6,105,680)
8 7230 SIT & LIT	(6,880,380)	526,032	560,258	659,624	451,583	340,077	18,378	1,089,847	900,046	822,786	(225,091)
9 7250.3 & 5 St & Loc Originating Timing Diff	-	-	-	-	-	-	-	-	-	-	-
10 7250.4 St & Loc Reversing Timing Diff	-	-	-	-	-	-	-	-	-	-	-
11 7250.72 SIT Allocation Adjustment	-	-	-	-	-	-	-	-	-	-	-
12 Total State & Local Taxes (L8 thru 11)	(6,880,380)	526,032	560,258	659,624	451,583	340,077	18,378	1,089,847	900,046	822,786	(225,091)
13 7240.7 Federal Superfund Taxes	-	-	-	-	-	-	-	-	-	-	-
14 Total Operating Taxes (L7+L12+L13)	(21,470,835)	(1,596,792)	(2,819,373)	2,411,618	(1,515,021)	1,630,388	1,951,578	(3,102,655)	2,319,954	(8,974,632)	(6,330,771)
INTRASTATE	200,112	200,201	200,202	200,203	200,204	200,205	200,206	200,207	200,208	200,209	200,210
1990 String											
7210.1											
7210.2											
7220	-37,588,642	-1,281,372	-2,087,187	6,218,043	-364,052	-209,417	-2,544,398	-3,152,309	1,524,410	4,317,586	-1,389,268
7250.1	23,965,352	-1,331,584	-1,343,608	-5,452,516	-1,675,882	1,619,091	2,797,597	-16,037	-1,378,146	-13,467,232	-1,784,173
7250.2	-1,634,795	-443,811	-473,171	-721,258	-547,322	-433,600	-217,941	-848,155	-600,904	-651,936	-611,204
7250.71											
7250.71	-15,258,085	-3,056,767	-3,903,966	44,269	-2,587,256	975,074	35,258	-4,016,501	-454,640	-9,801,582	-3,784,645
7 Total Federal Income Tax (-L1-L2+L3+L4+5+6)											
8 7230 SIT & LIT											
9 7250.3 & 5 St & Loc Originating Timing Diff	-6,005,811	366,390	395,927	419,945	354,325	343,478	-72,854	731,572	553,082	311,989	198,414
10 7250.4 St & Loc Reversing Timing Diff	0	0	0	0	0	0	0	0	0	0	0
7250.4											

**SCHEDULE E-8 DETAIL
COMPARATIVE TAXES CHARGES TO OPERATIONS**

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
In Whole Dollars

Date: Jun 21, 2004

Description	200112	200201	200202	200203	200204	200205	200206	200207	200208	200209	200210
11 7250.72 SIT Allocation Adjustment 7250.72											
12 Total State & Local Taxes (L8 thru 11)	-6,005,811	386,390	395,927	419,945	354,325	343,478	-72,854	731,572	553,082	311,989	198,414
13 7240.7 Federal Superfund Taxes 7240.7											
14 Total Operating Taxes (L7+L12+L13)	-21,253,896	-2,690,377	-3,508,039	464,214	-2,232,931	1,319,552	-37,596	-3,284,929	98,442	-9,489,593	-3,586,231
7250.3 & 5 St & Loc Originating Timing Diff											
15 7250.3 St & Loc Originating Timing Diff 7250.3											
16 7250.5 St & Loc Originating Timing Diff 7250.5											
17 Total	0	0	0	0	0	0	0	0	0	0	0
PART X											
1 7210.1 Investment Credits Realized 7210.1											
2 7210.2 Amortization of Investment Credits 7210.2											
3 7220 FIT Current 7220											
4 7250.1 Federal Originating Timing Differences 7250.1	-1,905,825	400,827	75,337	842,357	263,014	-55,404	521,173	-593,595	990,737	996,261	-1,757,912
5 7250.2 Federal Reversing Timing Differences 7250.2	1,794,212	318,482	200,176	-50,646	183,340	232,010	805,287	73,523	724,673	-1,130,619	-663,759
6 7250.71 FIT Allocation Adjustment 7250.71	-80,576	75,189	47,259	95,077	39,517	-27,039	183,610	-105,345	126,380	4,923	-212,342
7 Total Federal Income Tax (L1-L2+L3+L4+5+6)	-192,189	794,298	322,772	886,788	485,871	149,567	1,510,070	-625,417	1,841,790	-129,435	-2,634,013
8 7230 SIT & LIT 7230											
9 7250.3 & 5 St & Loc Originating Timing Diff L17	-733,562	121,959	89,000	45,457	68,194	-1,152	41,634	153,506	331,225	301,749	-561,374
10 7250.4 St & Loc Reversing Timing Diff 7250.4	0	0	0	0	0	0	0	0	0	0	0
11 7250.72 SIT Allocation Adjustment 7250.72											
12 Total State & Local Taxes (L8 thru 11)	-733,562	121,959	89,000	45,457	68,194	-1,152	41,634	153,506	331,225	301,749	-561,374
13 7240.7 Federal Superfund Taxes 7240.7											
14 Total Operating Taxes (L7+L12+L13)	-925,751	916,257	411,772	932,245	554,065	148,415	1,551,704	-471,911	2,173,015	172,314	-3,195,387
7250.3 & 5 St & Loc Originating Timing Diff											
15 7250.3 St & Loc Originating Timing Diff 7250.3											

SCHEDULE E-8 DETAIL
COMPARATIVE TAXES CHARGES TO OPERATIONS

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
In Whole Dollars

Date: Jun 21, 2004

Description	200112	200201	200202	200203	200204	200205	200206	200207	200208	200209	200210
16 7250.5 St & Loc Originating Timing Diff											
17 Total	0	0	0	0	0	0	0	0	0	0	0
28 FEDERAL TAX	-859,819	-139,645	-201,563	-820,937	-134,781	-164,670	-387,872	-449,416	-32,758	-133,599	-312,978
29 STATE & LOC	141,007	-37,683	-75,331	-194,222	-29,064	2,249	-49,598	-204,769	-15,739	-209,048	-137,869

DEREG

3 7220 FIT Current
8 7230 SIT & LIT

**SCHEDULE E-8 DETAIL
COMPARATIVE TAXES CHARGES TO OPERATIONS**

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS

Test Year Ending December 31, 2003

In Whole Dollars

Date: Jun 21, 2004

Description	200211	200212	200301	200302	200303	200304	200305	200306	200307	200308	200309
1 7210.1 Investment Credits Realized	-	-	-	-	-	-	-	-	-	-	-
2 7210.2 Amortization of Investment Credits	-	-	-	-	-	-	-	-	-	-	-
3 7220 FIT Current	(9,642,123)	15,964,344	(2,123,306)	3,053,986	199,746	(1,739,904)	(3,726,106)	(2,449,336)	(3,582,027)	(6,346,760)	(4,063,488)
4 7250.1 Federal Originating Timing Differences	(2,124,584)	5,605,861	(2,200,156)	(2,583,208)	(2,601,534)	(2,649,707)	(2,496,618)	(2,784,254)	(2,554,651)	(2,588,841)	(2,504,005)
5 7250.2 Federal Reversing Timing Differences	(1,019,776)	(3,017,491)	(610,932)	(670,624)	(705,844)	(746,863)	(784,684)	(920,483)	(838,475)	(1,066,216)	(930,268)
6 7250.71 FIT Allocation Adjustment	-	-	-	-	-	-	-	-	-	-	-
7 Total Federal Income Tax (-L1-L2+L3+L4+5+6)	(12,786,483)	18,552,714	(4,934,394)	(199,846)	(3,107,632)	(5,136,474)	(7,007,408)	(6,154,073)	(6,975,153)	(10,001,817)	(7,497,761)
8 7230 SIT & LIT	(475,111)	(4,849,919)	111,888	204,731	111,103	30,817	(31,071)	(32,352)	(57,230)	(162,608)	(5,131)
9 7250.3 & 5 St & Loc Originating Timing Diff	-	-	-	-	-	-	-	-	-	-	-
10 7250.4 St & Loc Reversing Timing Diff	-	-	-	-	-	-	-	-	-	-	-
11 7250.72 SIT Allocation Adjustment	-	-	-	-	-	-	-	-	-	-	-
12 Total State & Local Taxes (L8 thru 11)	(475,111)	(4,849,919)	111,888	204,731	111,103	30,817	(31,071)	(32,352)	(57,230)	(162,608)	(5,131)
13 7240.7 Federal Superfund Taxes	-	-	-	-	-	-	-	-	-	-	-
14 Total Operating Taxes (L7+L12+L13)	(13,261,594)	13,702,795	(4,822,506)	4,885	(2,996,529)	(5,105,657)	(7,038,479)	(6,186,425)	(7,032,383)	(10,164,425)	(7,502,892)
INTRASTATE											
1990 String	200,211	200,212	200,301	200,302	200,303	200,304	200,305	200,306	200,307	200,308	200,309
1 7210.1 Investment Credits Realized	-	-	-	-	-	-	-	-	-	-	-
2 7210.2 Amortization of Investment Credits	-	-	-	-	-	-	-	-	-	-	-
3 7220 FIT Current	-8,055,968	15,238,503	-2,293,782	3,160,871	24,817	-1,644,798	-3,496,071	-2,315,582	-3,551,277	-6,277,059	-4,006,413
4 7250.1 Federal Originating Timing Differences	-1,346,523	5,769,574	-2,165,421	-2,539,155	-2,625,282	-2,615,719	-2,379,128	-2,552,316	-2,471,908	-2,257,506	-2,286,655
5 7250.2 Federal Reversing Timing Differences	-764,160	-3,118,199	-597,788	-653,955	-714,828	-734,003	-740,223	-832,711	-807,168	-940,831	-848,019
6 7250.71 FIT Allocation Adjustment	-	-	-	-	-	-	-	-	-	-	-
7 Total Federal Income Tax (-L1-L2+L3+L4+5+6)	-10,166,651	17,889,878	-5,056,981	-32,239	-3,315,294	-4,994,520	-6,615,422	-5,700,609	-6,830,353	-9,475,396	-7,141,087
8 7230 SIT & LIT	-	-	-	-	-	-	-	-	-	-	-
9 7250.3 & 5 St & Loc Originating Timing Diff	-	-	-	-	-	-	-	-	-	-	-
10 7250.4 St & Loc Reversing Timing Diff	-	-	-	-	-	-	-	-	-	-	-

**SCHEDULE E-8 DETAIL
COMPARATIVE TAXES CHARGES TO OPERATIONS**

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
In Whole Dollars

Date:

Jun 21, 2004

Description	200211	200212	200301	200302	200303	200304	200305	200306	200307	200308	200309
11 7250.72 SIT Allocation Adjustment											
12 Total State & Local Taxes (L8 thru 11)	-16,302	-3,277,216	65,496	224,463	84,266	41,273	-2,257	-34,822	-49,904	-144,443	-7,585
13 7240.7 Federal Superfund Taxes											
14 Total Operating Taxes (L7+L12+L13)	-10,182,953	14,612,662	-4,991,495	192,224	-3,231,028	-4,953,247	-6,617,679	-5,735,431	-6,880,257	-9,619,839	-7,148,672
7250.3 & 5 St & Loc Originating Timing Diff											
15 7250.3 St & Loc Originating Timing Diff											
16 7250.5 St & Loc Originating Timing Diff											
17 Total	0	0	0	0	0	0	0	0	0	0	0
PART X											
1 7210.1 Investment Credits Realized											
2 7210.2 Amortization of Investment Credits											
3 7220 FIT Current	-1,844,996	-337,051	-62,050	-280,800	112,024	-93,474	-318,816	-575,954	-58,405	-323,724	-212,993
4 7250.1 Federal Originating Timing Differences	-778,061	-163,713	-34,735	-44,053	23,748	-33,988	-117,490	-231,938	-82,743	-331,335	-217,350
5 7250.2 Federal Reversing Timing Differences	-255,616	100,708	-13,144	-16,669	8,985	-12,860	-44,461	-87,772	-31,307	-125,385	-82,249
6 7250.71 FIT Allocation Adjustment											
7 Total Federal Income Tax (-L1-L2+L3+L4+5+6)	-2,878,673	-400,056	-109,929	-341,522	144,757	-140,322	-480,767	-695,664	-172,455	-780,444	-512,592
8 7230 SIT & LIT											
9 7250.3 & 5 St & Loc Originating Timing Diff	-656,072	66,820	-10,790	-33,014	12,436	-15,139	-55,874	-101,973	-29,914	-128,638	-42,329
10 7250.4 St & Loc Reversing Timing Diff	0	0	0	0	0	0	0	0	0	0	0
11 7250.72 SIT Allocation Adjustment											
12 Total State & Local Taxes (L8 thru 11)	-656,072	66,820	-10,790	-33,014	12,436	-15,139	-55,874	-101,973	-29,914	-128,638	-42,329
13 7240.7 Federal Superfund Taxes											
14 Total Operating Taxes (L7+L12+L13)	-3,534,745	-333,236	-120,719	-374,536	157,193	-155,461	-536,641	-997,637	-202,369	-906,082	-554,921
7250.3 & 5 St & Loc Originating Timing Diff											
15 7250.3 St & Loc Originating Timing Diff											

SCHEDULE E-8 DETAIL
COMPARATIVE TAXES CHARGES TO OPERATIONS

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
In Whole Dollars

Date: Jun 21, 2004

Description	200211	200212	200301	200302	200303	200304	200305	200306	200307	200308	200309
16 7250.5 St & Loc Originating Timing Diff											
17 Total	0	0	0	0	0	0	0	0	0	0	0

DEREG

3 7220 FIT Current	-258,841	-1,062,882	-232,526	-173,915	-62,905	1,632	-88,781	-442,200	-27,655	-254,023	-155,918
8 7230 SIT & LIT	-197,263	1,639,523	-57,182	-13,282	-14,401	-4,683	-27,060	-104,443	-22,588	-110,473	-44,783
28 FEDERAL TAX											
29 STATE & LOC											

**SCHEDULE E-8 DETAIL
COMPARATIVE TAXES CHARGES TO OPERATIONS**

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
In Whole Dollars

Date: Jun 21, 2004

Description	200310	200311	200312	2001 Annual	2002 Annual	2003 Annual
1 7210.1 Investment Credits Realized	-	-	-	-	-	-
2 7210.2 Amortization of Investment Credits	-	-	-	-	-	-
3 7220 FIT Current	(4,783,027)	(5,216,880)	(301,034)	(6,032,060)	11,815,071	(31,077,936)
4 7250.1 Federal Originating Timing Differences	(1,730,837)	(2,017,731)	(8,181,536)	5,882,850	(17,858,746)	(34,893,078)
5 7250.2 Federal Reversing Timing Differences	1,221,221	(1,128,391)	(1,438,327)	(7,576,783)	(9,359,340)	(8,619,886)
6 7250.71 FIT Allocation Adjustment	-	-	-	-	-	-
7 Total Federal Income Tax (-L1-L2+L3+L4+5+6)	(5,292,643)	(8,362,802)	(9,920,897)	(7,725,993)	(15,403,015)	(74,590,900)
8 7230 SIT & LIT	(482,441)	(460,964)	(6,034,816)	3,162,736	(181,490)	(6,808,074)
9 7250.3 & 5 St & Loc Originating Timing Diff	-	-	-	-	-	-
10 7250.4 St & Loc Reversing Timing Diff	-	-	-	-	-	-
11 7250.72 SIT Allocation Adjustment	-	-	-	-	-	-
12 Total State & Local Taxes (L8 thru 11)	(482,441)	(460,964)	(6,034,816)	3,162,736	(181,490)	(6,808,074)
13 7240.7 Federal Superfund Taxes	-	-	-	-	-	-
14 Total Operating Taxes (L7+L12+L13)	(5,775,084)	(8,823,766)	(15,955,713)	(4,563,257)	(15,584,505)	(81,398,974)
INTRASTATE	200,310	200,311	200,312	2001 Annual	2002 Annual	2003 Annual
1 7210.1 Investment Credits Realized	1990 String					
2 7210.2 Amortization of Investment Credits	7210.1					
3 7220 FIT Current	7210.2					
4 7250.1 Federal Originating Timing Differences	7220					
5 7250.2 Federal Reversing Timing Differences	7250.1					
6 7250.71 FIT Allocation Adjustment	7250.2					
7 Total Federal Income Tax (-L1-L2+L3+L4+5+6)	7250.71					
		-4,635,996	-7,133,133	-10,770,636	-15,071,114	-18,826,529
						-71,701,676
8 7230 SIT & LIT	7230					
9 7250.3 & 5 St & Loc Originating Timing Diff	L17					
10 7250.4 St & Loc Reversing Timing Diff	7250.4					
		-293,766	-255,063	-5,680,752	2,549,334	308,750
		0	0	0	0	0
						(6,053,094)

SCHEDULE E-8 DETAIL
COMPARATIVE TAXES CHARGES TO OPERATIONS

QWEST CORPORATION
 ARIZONA INTRASTATE OPERATIONS
 Test Year Ending December 31, 2003
 In Whole Dollars

Date:

Jun 21, 2004

Description	200310	200311	200312	2001 Annual	2002 Annual	2003 Annual
11 7250.72 SIT Allocation Adjustment						
7250.72						
12 Total State & Local Taxes (L8 thru 11)	-293,766	-255,063	-5,680,752	2,549,334	308,750	-6,053,094
13 7240.7 Federal Superfund Taxes						
7240.7						
14 Total Operating Taxes (L7+L12+L13)	-4,929,762	-7,388,196	-16,451,388	-12,521,780	-18,517,779	-77,754,770
7250.3 & 5 St & Loc Originating Timing Diff						
15 7250.3 St & Loc Originating Timing Diff						
7250.3						
16 7250.5 St & Loc Originating Timing Diff						
7250.5						
17 Total	0	0	0	0	0	0
PART X						
1 7210.1 Investment Credits Realized						
7210.1						
2 7210.2 Amortization of Investment Credits						
7210.2						
3 7220 FIT Current	-1,123,914	-518,080	401,751	1,726,603	(499,452)	(3,054,435)
7220						
4 7250.1 Federal Originating Timing Differences	198,461	-546,881	571,890	3,020,566	(249,307)	(846,414)
7250.1						
5 7250.2 Federal Reversing Timing Differences	-48,562	-246,765	149,865	239,404	72,321	(550,324)
7250.2						
6 7250.71 FIT Allocation Adjustment						
7250.71						
7 Total Federal Income Tax (-L1-L12+L3+L4+5+6)	-874,015	-1,311,726	1,123,506	4,985,573	-676,438	-4,461,173
8 7230 SIT & LIT						
7230						
9 7250.3 & 5 St & Loc Originating Timing Diff	-332,577	-317,177	-588,490	332,270	946	(1,643,479)
L17	0	0	0	0	0	0
10 7250.4 St & Loc Reversing Timing Diff						
7250.4						
11 7250.72 SIT Allocation Adjustment						
7250.72						
12 Total State & Local Taxes (L8 thru 11)	-332,577	-317,177	-588,490	332,270	946	-1,643,479
13 7240.7 Federal Superfund Taxes						
7240.7						
14 Total Operating Taxes (L7+L12+L13)	-1,306,592	-1,628,903	535,016	5,317,843	-675,492	-6,094,652
7250.3 & 5 St & Loc Originating Timing Diff						
15 7250.3 St & Loc Originating Timing Diff						
7250.3						

SCHEDULE E-8 DETAIL
COMPARATIVE TAXES CHARGES TO OPERATIONS
 QWEST CORPORATION
 ARIZONA INTRASTATE OPERATIONS
 Test Year Ending December 31, 2003
 In Whole Dollars

Date: Jun 21, 2004

Description		200310	200311	200312	2001 Annual	2002 Annual	2003 Annual
16	7250.5 St & Loc Originating Timing Diff						
17	Total	0	0	0	0	0	0
DEREG							
3	7220 FIT Current	-317,368	-82,057	273,767	(2,359,548)	(4,099,952)	(1,561,949)
8	7230 SIT & LIT	-143,902	-111,276	-234,426	(281,132)	491,186	(888,499)

Date: Jun 21, 2004

Cash and Cash Equivalents - Cash and cash equivalents include highly liquid investments with original maturities of three months or less that are readily convertible into cash and are not subject to significant risk from fluctuations in interest rates.

Inventories and Supplies - New and reusable materials of the Company are carried at average cost, except for significant individual items that are valued based on specific costs. Nonreusable material is carried at its estimated salvage value.

Property, Plant and Equipment - The investment in property, plant and equipment is carried at cost less accumulated depreciation. Additions, replacements and substantial betterments are capitalized.

Costs for normal repair and maintenance of property, plant and equipment are expensed as incurred.

The Company provides for depreciation of property, plant and equipment using various straight-line group methods and remaining useful (economic) lives authorized by regulatory commissions. When the depreciable property, plant and equipment of the Company is retired or sold, the original cost less the net salvage value is generally charged to accumulated depreciation.

Revenue Recognition - Local telephone service revenues are generally billed monthly in advance. These revenues are recognized when services are provided, generally the following month. Nonrecurring and usage sensitive revenues derived from installation, exchange access, and long-distance network services are billed and recognized monthly as services are provided.

Income Taxes - The provision for income taxes consists of an amount for taxes currently payable and an amount for tax consequences deferred to future periods. For financial statement purposes, investment tax credits are being amortized over the economic lives of the related property, plant and equipment in accordance with the deferred method of accounting for such credits.

Employee Benefits

Pension Plan - The company participates in a defined benefit pension plan sponsored by U S WEST Which covers substantially all management and occupational employees. Management benefits are based on a final pay formula while occupational benefits are based on a flat benefit formula. The projected unit credit method is used for the determination of pension cost for financial reporting purposes and the aggregate cost method for funding purposes. The Company's policy is to fund amounts required under the Employee Retirement Income Security Act of 1974 and no funding was required in 1997 or 1996.

Postretirement Benefits Other Than Pensions - The Company participates in plans sponsored by U S WEST which provide certain health care and life insurance benefits to retired employees. In conjunction with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," U S WEST immediately recognized the accumulated post retirement benefit obligation for current and future retirees. However the FCC and certain state jurisdictions permit amortization of the transition obligation over the average remaining service period of active employees for regulatory accounting purposes, with most jurisdictions requiring funding as a stipulation for rate recovery.

The Company uses the projected unit credit method for the determination of postretirement medical and life costs for financial reporting purposes. The amount funded by the Company is based on regulatory accounting requirements.

Schedule F-1
Title: Projected Income Statements
Present and Proposed
Date: Jun 21, 2004

Description	A	B	C
	Test Year	Projected Year	
	Ended Dec 31 2003 (a)	Dec 31 2005 Present Rates (b)	Proposed Rates (b)
1 Local Service Revenues	775,134	729,880	736,404
2 Network Access Service Revenues	65,547	72,682	73,476
3 Long Distance Network Service Rev.	8,586	5,671	5,671
4 Miscellaneous	261,801	259,922	259,922
5 Total Oper. Rev. (L.1 thru L.4)	1,111,068	1,068,155	1,075,474
6 Maintenance	246,117	246,117	246,117
7 Engineering Expense	10,519	10,519	10,519
8 Network Operations	69,967	69,967	69,967
9 Network Administration	1,681	1,681	1,681
10 Access Expense	9,041	9,041	9,041
11 Other	555	555	555
12 Total Cost of Services & Product (L.6 thru L.11)	337,879	337,879	337,879
13 Customer Operations	188,545	188,545	188,545
14 Corporate Operations	202,806	202,806	202,806
15 Property & Other Taxes	67,424	67,424	67,424
16 Uncollectibles	19,634	21,380	21,380
17 Tot Selling, General & Admin. (L.13 thru L.16)	478,408	480,155	480,155
18 Other Oper. Inc. & Expense	(44)	(44)	(44)
19 Depreciation Expense	364,079	364,079	364,079
20 Universal Service Fund			
21 Link Up America	(2)	(2)	(2)
22 Total Operating Expense (L.12+L.17+L.18+L.19+L.20+L.21)	1,180,320	1,182,067	1,182,067
23 Income From Operations (L.5-22)	(69,252)	(113,912)	(106,594)
24 Federal Income Tax	(52,028)	(66,641)	(66,641)
25 State & Local Income Tax	(12,170)	(15,079)	(15,079)
26 Net Operating Income (L.23-24-25)	(5,054)	(32,192)	(24,874)
27 Nonoperating Income & Expense	63,114	63,114	63,114
28 Nonoperating Income Tax	(5,052)	(5,052)	(5,052)
29 Net Operating Earnings (L.26-27-28)	(63,117)	(90,254)	(82,936)
30 Interest Expense	97,555	97,555	97,555
31 Juris Diff & Nonreg Net Income			
32 Extraordinary Items	59	59	59
33 Net Income (L.29-L.30-L.31+L.32)	(160,731)	(187,869)	(180,551)
34 Income for JDIC	(2)		
35 Income for Equity	(160,729)	(187,869)	(180,551)
36 % Regulatory Return on End of Period Equity	-39.15%	-45.77%	-43.98%

Supporting Schedules:
(a) C-1

Recap Schedules:
(b) A-2

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
\$(000)

Schedule F-2
**Title: Projected Statements
of Cash Flow**
Jun 21, 2004

Date:

	A Test Year Ended Dec 31 2003	B Present	C <u>Projected Year</u> Dec 31 2005 Proposed #
OPERATING ACTIVITIES			
1. Net Operating Income	(63,117)	(90,254)	(82,936)
Adjustments to Net Operating Income:			
2. Depreciation & Amortization	364,079	364,079	364,079
3. Current Income Taxes	(42,116)	(81,720)	(81,720)
4. Cash provided by Operating Activities (L1.L3)	258,846	192,105	199,423
INVESTING ACTIVITIES			
5. Net Construction Expenditures	(198,544)	(198,544)	(198,544)
6. Cash(used for) investing activities (L4)	(198,544)	(198,544)	(198,544)
FINANCING ACTIVITIES			
7. Dividends Paid	189,770	(187,869)	(180,551)
8. Net Outside Financing	95,189	95,189	95,189
9. Interest	(69,901)	97,555	97,555
10. Net Cash Flow (L4+L6+L7+L8+L9)	275,360	(1,564)	13,073

QWEST CORPORATION
 ARIZONA TOTAL STATE OPERATIONS
 Test Year Ending December 31, 2003
 \$(000)

Arizona Corporation Commission

Schedule F-3

Title: Projected Construction Requirements

Date: Jun 21, 2004

<u>Description</u>	A	B
	Test Year	Projected
	Ended Dec 31 2003	Dec 31 2005
1 Land	82	82
2 Vehicles and Work Equipment	12,645	12,645
3 Buildings	16,770	16,770
4 Furniture and Office Equipment	377	377
5 General Purpose Computers	968	968
6 Cental Office Equipment	111,203	111,203
7 Other Terminal Equipment	2,679	2,679
8 Outside Plant	115,993	115,993
9 Capital Leases	700	700
10 Leasehold Improvements	(359)	(359)
11 Intangibles	13,946	13,946
12 Total Construction Expenditures (L.1 thru 12)	275,002	275,002

Supporting Schedule:
 Company Report JR21

Recap Schedule:
 (a) A-4

Note: See Schedule E-3 Dtl for the intrastate portion of the amounts on Line 12 that are shown on Schedule A-4.

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003
\$(000)

Schedule F-4
Title: Assumptions Used in Developing Projections

Date: Jun 21, 2004

Assumptions Used in Preparing Projections

Projections are based on test year results plus annualized revenue changes based on 1st quarter 2004 actual volumes.

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003

Schedule: G-
Title: Cost of Service Summary-Present Rate

Redacted.

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003

Schedule: G-2
Title: Cost of Service Summary-Proposed Rates

<u>Product Category</u>	(\$000)	<u>Proposed Rate Change</u>	<u>% of Revenue Change</u>	<u>Product Category Return on Investment</u>		
				<u>Current</u>	<u>Proposed</u>	<u>Change</u>
Residence Basic Exchange Service	(3,691)		-1.23%	-13.58%	-13.80%	-0.22%
Business Basic Exchange Service	(500)		-0.38%	5.69%	5.54%	-0.15%
PBX Basic Exchange Service	(10)		-0.16%	20.44%	20.36%	-0.08%
Interconnect Service	0					
Public Access Line Service	(3)		-0.01%	53.89%	53.88%	-0.01%
Centrex Services	0					
ISDN Services	0					
Private Line Intrastate	747		2.82%	-7.27%	-6.87%	0.40%
IntraLATA Toll	0					
Carrier Feature Group - Intrastate	46		0.13%	142.11%	142.33%	0.22%
Central Office Features (COBS)	1,044		0.58%	89.36%	90.83%	1.47%
Billing and Collection - Intrastate	0					
Operator Services	0					
DA End User - Intrastate	9,680		62.93%	-63.81%	117.83%	181.64%
Listing Services (Other Services)	16		0.10%	208.11%	208.36%	0.25%
Special Services	0					
Wholesale - Resale	(11)		-0.17%	-54.53%	-54.65%	-0.12%
Wholesale - UNE	0					

Schedule G-2 identifies the impact by product category, as set forth in the Company's Schedule G-1 Cost of Service Summary, which would result from the Qwest Communications proposed changes to rates in this proceeding. In most cases the change in revenues, and resulting return on investment, for each of the product categories is immaterial. The approximate impact of the proposed rate changes is as follows:

PROPRIETARY--PRIVATE AND CONFIDENTIAL QWEST CORPORATION INTERNAL DOCUMENTS

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003

Schedule: G-3
Title: Rate Base Allocation to Classes of Service

Please See Schedule G-1.

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003

Schedule: G-4
Title: Expense Allocation to Classes of Service

Please See Schedule G-1.

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003

Schedule: G-5
Title: Distribution of Rate Base by Function

Please See Schedule G-1.

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003

Schedule: G-6
Title: Distribution of Expenses by Function

Please See Schedule G-1.

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003

Schedule: G-7
Title: Development of Allocation Factors

Please see Qwest's Cost Accounting Segregation Manual, a copy of which is filed herewith.
This Manual describes the processes and procedures employed in assigning
allocating revenues, expenses and investments to the product
cost categories maintained by Qwest in its cost accounting system.

QWEST CORPORATION
 ARIZONA INTRASTATE OPERATIONS
 Test Year Ending December 31, 2003
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Schedule: H-1
 Title: Summary of Revenues by Customer
 Classification - Present and Proposed

Customer Classification	(A)	(B)	(C)	(D)=C/A
	Present Rates	Proposed Rates	Revenue Increase (Decrease)	%
Access Services	81,745	81,791	46	0.06%
Private Line Transport Services Tariff	32,730	33,478	748	2.29%
Competitive Exchange & Network Svcs Tariff	196,961	206,768	9,807	4.98%
Advanced Communications Services	2,877	2,877		0.00%
Exchange & Network Services Tariff	650,059	646,776	(3,283)	-0.51%
Exchange & Network Services Catalog	30,025	30,025		0.00%
TOTAL	994,396	1,001,714	7,318	0.74%

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)=K/I
Line	Customer Class	Rec/Non	Product	Res / Bus	Quantity	Present Rate	Proposed Rate	Present Revenue	Proposed Revenue	Revenue Increase (Decrease)	%\$ Increase (Decrease)
1	TOTAL (LINES 2 THROUGH 1777)							\$994,396,005	\$1,001,714,230	\$7,318,225	0.74%

Redacted.

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003

Schedule: H-3
Title: Changes in Representative Rate Schedules

Please See Schedule H-2.

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003

Schedule: H-4
Title: Typical Bill Analysis

NOT APPLICABLE.

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
Test Year Ending December 31, 2003

Schedule: H5
Title: Bill Count

NOT APPLICABLE.

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
INTRASTATE FACTOR DEVELOPMENT
Test Year Ending December 31, 2003
(IN WHOLE DOLLARS)

	[a]	[b]	[c=a+b]	[d]
	Total State MR	Total State JD	Total State JR	Intrastate JR
1 Local Network Service Revenue	842,673,206		842,673,206	842,673,206
2 Network Access Service Revenues	628,781,377		628,781,377	72,786,041
3 Long Distance Network Service Revenue	11,159,981		11,159,981	11,163,067
4 Miscellaneous	217,860,766		217,860,766	86,953,480
5 Total Oper. Rev. (L1 thru L4)	1,700,475,330	0	1,700,475,330	1,013,575,794
6 Maintenance Expense	314,281,560		314,281,560	201,586,753
7 Engineering Expense	12,194,905		12,194,905	8,836,407
8 Network Operations Expense	72,723,376		72,723,376	46,464,423
9 Network Administration Expense	1,962,478		1,962,478	1,416,959
10 Access Expense	36,516,760		36,516,760	9,040,968
11 Other	543,694		543,694	390,071
12 Total Cost of Service & Products (L6 thru L11)	438,222,773	0	438,222,773	267,735,581
13 Customer Operations Expense	233,943,587		233,943,587	164,980,653
14 Corporate Operations Expense	235,237,056	20,059,502	255,296,558	179,838,586
15 Property & Other Taxes	91,601,755		91,601,755	66,415,545
16 Uncollectibles	24,786,540		24,786,540	18,118,730
17 Total Selling, General & Admin (L13 thru L16)	585,568,938	20,059,502	605,628,440	429,353,514
18 Other Operating Income & Expense	(44,155)		(44,155)	(33,304)
19 Depreciation Expense	497,353,413	106,527,864	603,881,277	455,902,693
20 Universal Service			0	0
21 Link Up Americal			0	(1,983)
22 Total Operating Expense (L12+L17+L18 thru L21)	1,521,100,969	126,587,366	1,647,688,335	1,152,956,501
23 Income From Operations (L5-L22)	179,374,361	(126,587,366)	52,786,995	(139,380,707)
24 Federal Income Tax	23,630,918	(38,740,439)	(15,109,521)	(65,386,543)
25 State & Local Income Tax	14,910,080	(8,314,212)	6,595,868	(14,122,656)
26 Net Operating Income (L23-L24-L25)	140,833,363	(79,532,715)	61,300,648	(59,871,508)
27 Nonoperating Income & Expense	86,460,771	(312,002)	86,148,769	62,533,258
28 Nonoperating Income Tax	(6,709,911)		(6,709,911)	(5,214,604)
29 Net Operating Earnings(L26-L27-L28)	61,082,503	(79,220,713)	(18,138,210)	(117,190,162)
30 Interest Expense	97,108,527		97,108,527	68,955,047
31 Juris Diff & Nonreg Net Income	79,220,713	(79,220,713)	0	0
32 Extraordinary Items	0		0	(21,586)
33 Net Income (L29-L30-L31-L32)	(115,246,737)	0	(115,246,737)	(186,123,623)
34 Telephone Plant In Service	6,848,170,819	(111,817,156)	6,736,353,663	4,781,643,807
35 Short-Term Plant Under Construction	25,471,555	541,247	26,012,802	19,019,719
36 Materials and Supplies	24,896,032	0	24,896,032	18,035,614
37 Allowance for Cash Working Capital				
38 Accumulated Depreciation & Amortization Reserve	3,728,065,436	331,883,479	4,059,948,915	2,973,384,886
39 Accumulated Deferred Income Tax	505,637,560	(167,552,237)	338,085,323	202,465,519
40 Customer Deposits	3,299,146	0	3,299,146	2,362,714
41 Land Development Agreement Deposits	2,784,125	0	2,784,125	2,029,940
42 Other Assets & Liabilities				
End-of-Period Rate Base				
43 (L34+L35+L36+L37-L38-L39-L40-L41+L42)	2,658,752,139	(275,607,151)	2,383,144,988	1,638,456,082

QWEST CORPORATION
ARIZONA INTRASTATE OPERATIONS
INTRASTATE FACTOR DEVELOPMENT
Test Year Ending December 31, 2003
(IN WHOLE DOLLARS)

	[e]	[f]	[g]	[h=d+e-f-g]	[i=h/c] Intrastate
	FCC Dereg Excludes Billing & Collection	Payphone	State Dereg (Mobile)	Regulated Intrastate	Regulated Factor
1 Local Network Service Revenue			0	842,673,206	100.00%
2 Network Access Service Revenues			0	72,786,041	11.58%
3 Long Distance Network Service Revenue			0	11,163,067	100.03%
4 Miscellaneous	98,020,934	8,612,569		176,361,845	80.95%
5 Total Oper. Rev. (L1 thru L4)	98,020,934	8,612,569	0	1,102,984,159	
6 Maintenance Expense	35,371,879	2,869,442		234,089,190	74.48%
7 Engineering Expense	8,634	154		8,844,887	72.53%
8 Network Operations Expense	7,839,504	440,248		53,863,679	74.07%
9 Network Administration Expense	8,439	0		1,425,398	72.63%
10 Access Expense		0		9,040,968	24.76%
11 Other	7,240	300		397,011	73.02%
12 Total Cost of Service & Products (L6 thru L11)	43,235,696	3,310,144	0	307,661,133	70.21%
13 Customer Operations Expense	29,639,541	6,275,129		188,345,065	80.51%
14 Corporate Operations Expense	23,986,941	1,755,157		202,070,370	79.15%
15 Property & Other Taxes	1,910,483	1,023,759		67,302,269	73.47%
16 Uncollectibles	1,270,659	(109,558)		19,498,947	78.67%
17 Total Selling, General & Admin (L13 thru L16)	56,807,624	8,944,487	0	477,216,651	78.80%
18 Other Operating Income & Expense	(663)	19		(33,986)	76.97%
19 Depreciation Expense	8,522,635	809,844		463,615,484	76.77%
20 Universal Service				0	0.00%
21 Link Up Americal				(1,983)	0.00%
22 Total Operating Expense (L12+L17+L18 thru L21)	108,565,292	13,064,494	0	1,248,457,299	75.77%
23 Income From Operations (L5-L22)	(10,544,358)	(4,451,925)	0	(145,473,140)	-275.59%
24 Federal Income Tax	(4,210,266)	(1,561,949)		(68,034,860)	450.28%
25 State & Local Income Tax	(2,193,803)	(888,499)		(15,427,960)	-233.90%
26 Net Operating Income (L23-L24-L25)	(4,140,289)	(2,001,477)	0	(62,010,320)	
27 Nonoperating Income & Expense	352,365	35,214		62,850,409	72.96%
28 Nonoperating Income Tax	232,127	69,180		(5,051,657)	75.29%
29 Net Operating Earnings(L26-L27-L28)	(4,724,781)	(2,105,871)	0	(119,809,072)	660.53%
30 Interest Expense	1,290,443	344,061		69,901,429	71.98%
31 Juris Diff & Nonreg Net Income		0		0	0.00%
32 Extraordinary Items	25,641	(55,035)		59,090	
33 Net Income (L29-L30-L31-L32)	(6,040,865)	(2,394,897)	0	(189,769,591)	164.66%
34 Telephone Plant In Service	105,399,518	23,574,060		4,863,469,265	72.20%
35 Short-Term Plant Under Construction	236,813	819		19,255,713	74.02%
36 Materials and Supplies	369,536	11,706		18,393,444	73.88%
37 Allowance for Cash Working Capital				0	
38 Accumulated Depreciation & Amortization Reserve	62,384,062	12,669,178		3,023,099,770	74.46%
39 Accumulated Deferred Income Tax	5,901,294	1,677,780		206,689,033	61.14%
40 Customer Deposits	45,484			2,408,198	72.99%
41 Land Development Agreement Deposits		0		2,029,940	72.91%
42 Other Assets & Liabilities					
End-of-Period Rate Base					
43 (L34+L35+L36+L37-L38-L39-L40-L41+L42)	37,675,027	9,239,627	-	1,666,891,482	69.95%